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ABSTRACT

This analysis of foundation support of higher education considers grant-making in 1970 and 1974, identifies the evolving role of foundations in higher education, and suggests a future role. Additionally, the document is designed to facilitate continuing research in the field by making available a procedure for classifying grants. Using the classification system, a sample of 39 foundations were analyzed to determine the purposes for which grants are being made, and to whom. The main data source for the project--the published reports of foundations--was itself made an object of study. The adequacy of foundations was analyzed as an information source, drawing on responses to a short questionnaire sent to college and university presidents, on interviews with staff members of foundations, and on personal observation of the policies of several foundations. The experience of three kinds of grant-making foundations--community, corporate, and general-purpose foundations--were analyzed. The study sample includes a good representation of large foundations and of their interests, particularly in research. One of the main conclusions is that the foundations in the sample, taken as a group, favor development grants to institutions of higher education. When grant-making for 1970 is compared with that of 1974, a significant shift from support of research toward support of development becomes apparent. The most striking shift in priorities between 1970 and 1974 is the decline in employment grants. (SW)

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FOUNDATIONS AND HIGHER EDUCATION:

Grant Making from Golden Years through Steady State

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A TECHNICAL REPORT FOR THE FORD FOUNDATION AND THE CARNEGIE COUNCIL ON POLICY STUDIES IN HIGHER EDUCATION

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FOUNDATIONS AND HIGHER EDUCATION:
GRANT MAKING FROM GOLDEN YEARS
THROUGH STEADY STATE

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Theodore E. Lobman

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Foreword

Private foundations have left indelible marks upon colleges and universities in the United States. They have come to the support of institutions and programs whose services, though clearly needed, have been weak or threatened. They have financed activities that have been too ambitious or too innovative for colleges and universities to support on their own. And they have helped institutions of higher learning explore alternative modes and environments for teaching and gathering new knowledge.

This report, which examines these efforts in some detail, is itself a product of foundation interests and encouragement, having been supported by special funding provided by the Ford Foundation and conducted by staff members of the Carnegie Council on Policy Studies in Higher Education. Under those same auspices, this report has been published and disseminated as a part of continuing efforts to offer significant information about higher education for public use and discussion.

CLARK KERR
Chairman,
Carnegie Council on Policy Studies
in Higher Education

Preface and Acknowledgements

The contributions of foundations to higher education are widely acknowledged, but seldom analyzed. Good historical accounts of foundations provide a record of their achievements in the field of higher education before World War II, and other, more recent, investigations touch on their higher education policies. But a large-scale systematic analysis of grant making has never been done, and for good reason: Information on individual grants is not provided by most foundations and what information is available is not collected on a systematic basis. An analysis of grant making in higher education, therefore, must begin with the formidable tasks of collecting and classifying the original grant data.

This volume reports our effort to accomplish these tasks. Our primary objectives were: (1) to examine grant making in two critical years, 1970 and 1974, in the recent history of higher education; (2) to identify the evolving role of foundations in higher education and to suggest a future role; and (3) to make available, as a means of facilitating continuing research in this field, the classification procedure developed in this study. Because the quality of information on grants provided in the annual reports of foundations poses major problems for anyone interested in the study of grant making, we also analyzed the elements of good reporting in the hope that our findings might be useful to those working to improve foundation reporting.

Our work began with an examination of the historical and current literature on foundation and philanthropic support to higher education. We selected a sample of foundations and, using a classification system we developed, analyzed over 3,500 grants made in 1970 and 1974 to afford a comparison of grant making before and during a period of financial stringency.

For their help with the classification system and with the selection of our sample of foundations, we thank the members of our advisory committee: Landrum Bolling, Merrimon Cuninggim, Medford Evans, Robert Goheen, Claire List, and Granville Sawyer.

We are also indebted to Carolyn Mann, who studied the annual reports and classified each grant. Karen Seriguchi helped with the data. Nancy A. Blumenstock edited the final draft. We thank Barbara Jordan, who worked as secretary to the project, assisted by Bonni Maunder, and who typed the entire manuscript. Patsy Fosler helped us in the data processing.

A Ford Foundation grant supported the project, which we began while both of us were on the staff of the Carnegie Council on Policy Studies in Higher Education. We are pleased to acknowledge our debt to Clark Kerr, Verne A. Stadtman, and others on the Carnegie Council staff for their assistance in both the research and publication stages of the project.

EARL F. CHEIT

THEODORE E. LOBMAN

Berkeley, California
December 4, 1979

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The Diminishing Influence of Private Foundations

The Historic Role of Foundations

Among the important patrons of higher education, none has had more influence per dollar spent than the private philanthropic foundations. The person who coined the inelegant but precise phrase "more bang for the buck" would find myriad examples to support this point in the 100-year history of the modern philanthropic foundation. Although the total sum of their grants to higher education has been a small part of total budgets of the institutions they have supported, foundations have been not only significant but in many cases key contributors to the progress of America's colleges and universities.

Advances in higher education initiated or made possible by foundation grants are so impressive that they are considered among the shapers of American higher education (see Curti and Nash, 1965). Foundation initiatives have pioneered in the area of educational opportunity for blacks; have produced standards for courses, credit, and admissions; have developed and implemented the concept of faculty pension funds; and at crucial times have helped bring faculty salaries up to levels necessary for high-quality teaching and research. Foundations have also been highly influential in the development of student financial

aid, libraries, and adult education. Foundations conceived of the educational experiment; and foundation-supported experiments have yielded such educational developments as honors courses and international exchanges. By providing small-scale support for new ideas, foundations have promoted change—often change in ideas to which the public was indifferent or even hostile. Foundations have nourished research universities in their infancy. Entirely new, full-status disciplines, including anthropology and microbiology, have evolved from foundation grants. Foundations have helped enable academics to escape from subservience to patronage; until the foundation grants of the 1920s, the only faculty members who could pursue research were independently wealthy

Barry D. Karl, University of Chicago historian, writes, "The American private university system—and the public one as well . . . is the product of generations of philanthropic elite" (Karl, 1976, p. 137); the foundations have been a key contributor to that product. In short, foundation money and vision have had profound impact on the transformation of higher education into its modern form. Foundations have helped—and more often led—the colleges from a somewhat disorganized collection of institutions into a modern, diverse system of higher education that is admired throughout the world.

These accomplishments are particularly remarkable in view of the relatively small sums that have been involved. But these small sums produced leverage—resulting in educational effects of disproportionate size—so that the importance of foundation grants has far exceeded their dollar share of the total income of higher education. Even during the period of their greatest innovative importance, from 1910 to 1931, foundations provided only a small fraction of college and university income. Precise figures are not available, but estimates show that, even at the peak of their importance—the brief period between 1915 and 1920, when they were making substantial grants for capital expenditures—the foundation share of higher education constituted no more than 10 percent of the income of colleges and

universities.[1] Ernest Hollis (1938, p. 5) notes that "in the 1924 fund-raising campaigns of sixty-eight leading American universities . . . [foundations] contributed only 18.1 percent of the funds raised, but they were reported to have exerted a dominant influence on the purposes and plans of the campaigns through being the largest single donors."

Foundations have played a large part in financing higher education through example as well as through grant making. The Rockefeller Foundation was the model for the National Science Foundation, and the foundation concept itself was the model for the Fund for the Improvement of Postsecondary Education, created by Congress in 1972, as well as for the National Endowments for the Arts and Humanities.

In retrospect, the influence over change and educational planning exerted by foundations meant that their main job was to lead. Of course, no one assigned foundations that role, nor was it declared. In fact, foundations in the 1910s, 1920s, and 1930s—especially the larger ones—tried to avoid a highly visible public role, thereby avoiding public attack. Rather, the leadership role emerged over time, through thousands of decisions to make grants for higher education purposes when institutions were still underdeveloped and the role of government in higher education was relatively small.

Historian Barry Karl (1976, p. 129) points out that this leadership role, which he calls "management by elites," is an important and acknowledged part of American history. It is, he

[1] In 1944, Walter Jessup stated that "in the early years" the $6 million spent by the Carnegie Corporation was one-fifteenth of total higher education income (see Morison, 1964). Given that the Rockefeller General Education Board spent even more, Morison concludes that, in some years, the total foundation contribution would presumably be about one-fifth. The U.S. Office of Education estimates total higher education operating income for 1919–1920 to be about $199 million making Jessup's one-fifteenth estimate for Carnegie's $6 million suspect. The one-fifth estimate may actually be low for certain types of institutions, however. Both Carnegie and Rockefeller funds were concentrated at a relatively small number of colleges, and for these institutions the contribution of foundations could well have been far greater than one-fifth.

says, a role "essential to the growth of American society," one which provides "that minimum of social planning necessary to produce social change." Because citizens of democratic nations are ambivalent about managing elites, that leadership role is easier to acknowledge in its historic setting. It is also easier to see why, in the past, that leadership worked so well. It was operating in a virtual vacuum. "Private philanthropy was not competing with a publicly supported federal system," writes Karl (1976, p. 132). Rather, it was "providing a method of social planning, and it would be 60 years before the federal government would move into active, overwhelming competition." In a valuable comment on this point, Douglas and Wildavsky (1978, p. 33) observe that "the chances of making a fundamental discovery, of creating a new institution or remodeling an older one, of making new beginnings, are necessarily greater before rather than after there are many competitors—or even vested interests —on the scene." Before World War II there were few competitors, indeed. Government allocations were a minor part of higher education finance, and the number of foundations was small.

Despite this illustrious background, today's foundations, secure in their historical role in higher education, are not confident about their current role and its importance to the field. In the past few years, several large foundations have completed extensive reviews of their programs, reconsidering their roles not only in education but in all fields. These are not isolated cases of introspection. Indeed, Chairman Landrum Bolling's 1977–78 report to the members of the Council on Foundations was entitled "A Time for Reassessment" (Bolling, 1978).

Three Major Questions

Where higher education is concerned, reassessment yields three major questions, questions that we have made the focus of this volume:

1. What are foundations doing in higher education now?
2. Where does higher education grant making seem to be heading?

3. Can foundations have an important role in higher education in the future?

The reasons for the growing importance of these questions are evident. The declining real value of the foundations' incomes, combined with exceptional cost inflation in higher education, has dramatically intensified competition for grants and put great pressure on foundation leaders concerned with the effectiveness of their diminishing contributions. The former vacuum is now crowded with institutions, achievements, and expectations, many of which are the product of public expenditures that dwarf the foundation contributions. (Ironically, many of these public expenditures are for programs developed experimentally through foundation grants and leadership.) Today, government funds make foundation funds relatively less important—even, in Karl's word, "trivial." This point is illustrated in Table 1. At their peak period of importance over a half-century ago, foundations are estimated to have provided close to 10 percent of the income of colleges and universities. Today foundation grants provide less than 1 percent of current funds, and even when grants to endowment are included, the total is less than 1½ percent of the expenditures of colleges and universities. Moreover, even these small relative shares are declining.

Table 1. Foundation grants as a percentage of current fund expenditures of all colleges and universities for selected years

Academic year	*Current fund expenditures (in billions)*	*Foundation support (in millions)*		*Percentage of operating budget*	
		For current expenditures	*For all purposes*	*Current grants*	*All grants*
1969–70	$21.5	$260	$434	1.21	2.01
1973–74	$31.7	$321	$535	1.01	1.68
1977–78	$46.9	$374	$633	.80	1.35

Sources: All figures were obtained by telephone inquiry. Current fund expenditures are from the U.S. National Center for Educational Statistics (NCES). 1977–78 is an NCES estimate. Foundation grant figures are estimates prepared by the Council on Financial Aid to Education.

There are several concerns related to the foundation role in higher education. Foundation influence has declined not only because relatively less money is available, but also because there are more claimants for it. Furthermore, colleges and universities are far more developed and less susceptible to major change. Grants for higher education purposes often have no visible effect until long after they are made, if at all; thus, they are harder to defend.

Another factor contributing to doubts about the role of private foundations is the growing importance of government-supported foundations in higher education. Through a variety of support mechanisms, including four major government foundations—the National Science Foundation, the Fund for Improvement of Postsecondary Education, the National Endowment for the Arts, and the National Endowment for the Humanities—the government is allegedly doing most of the things foundation grants once did—and more.

Critics disagree over whether decline in foundation influence is due to limited resources, limited vision, changed circumstances, competition from other fields, or some combination of these factors, but the decline itself is not disputed. Indeed, when foundations are analyzed today, the main issue is not whether they give leadership to higher education, but what important role, if any, they can play in the future (see *Change* Magazine, 1978).

Accounts of what foundations are currently doing—or not doing enough of—vary from critic to critic, but they are usually set against the history of foundation achievement, now a matter of congressional record. Congress investigated foundation practices for the third time in the late 1960s. During these investigations, foundations were praised for their historic contribution and for their encouragement of pluralism in the life and decision making of the country. They were lauded for their role on the "cutting edge of society" and for the innovations that their independence allowed them to develop. The articles and testimony revealed very little about precisely what the foundations are

doing currently, however, except to express the view that they ought to be carrying on their historic role.

The most recent congressional inquiry into foundations was stimulated by a concern that their special tax status was being abused for purposes of tax evasion, retaining family control, self-benefit, or use of foundation grants for political purposes. For now, these issues seem to have been resolved through the imposition of reporting requirements and rules governing grant-making practices. But the basic questions about foundations have not been answered.

Conflicting Criticisms of Foundations

Those who write about foundation behavior are often more concerned with the behavior of the foundation sector as a whole than with its relationship to a single group of grantees. Waldemar Nielson, author of a major study of the large foundations, writes: "Anyone who has had the unfortunate task—curious taste- to read most of the material which has been available about foundations knows that it is divided roughly into two equally tiresome parts: the self-congratulatory output of the foundations themselves, and the ill-informed screeds of the Old Right on the one extreme, the New Left on the other, and the neo-know nothings like George Wallace in between" (1972, p. ix). Not everything written about foundations falls into these categories, of course. As the bibliography to this study shows, more than a dozen valuable books and articles about foundations have been written in the past two decades. Richard Magat of the Ford Foundation has greatly enriched this literature with his volume on the work of the Ford Foundation (Magat, 1979). We have drawn on several of these studies for the historic information in this volume. But most have relatively little to say about higher education. Havighurst, Holsinger, and Lunde (1976) were the first scholars in recent times to provide a broad overview of foundations and their activities in all fields of education. Their work provides important data on what the foundation education agenda has been.

These studies are important sources of information on the historical role and importance of foundations. The highly informative, analytical report on foundations prepared by the chairman and staff of the Council on Foundations for the Commission on Private Philanthropy and Public Needs begins its section on "endeavors and accomplishments" with "large doings of the past" (Council on Foundations, 1974, p. IV-1). Understandably, no recent higher education accomplishments are cited, for the empirical basis for current assessments is inadequate.

Because so little is known about the current course of foundation influence on higher education, highly informed people criticize it on various contradictory grounds. The criticism most frequently made of foundations is that they play it safe, that they are unwilling to make risky or even innovative grants. Yet college presidents are increasingly critical of foundations for their alleged infatuation with innovation and their failure to support what is proven and good. The then-president of Kirkland College writes, "The foundation is eager to make funds available for 'innovative,' 'new' projects which will be capable of emulation on a larger number of campuses . . . [but] where is the donor who is primarily concerned to preserve what is best in current practice in private colleges and universities?" (Babbitt, 1974, p. 20). "In the name of innovation," writes the then-president of Bennington College, "foundations are still in the business of encouraging colleges and universities to do everything short of eliminating positions and programs" (Parker, 1976, p. 46).

Such inconsistencies are not surprising. Indeed, each point of view may be "true" of the information on which it is based. Of necessity that information is limited because there has been very little empirical basis for judgment. Current information about foundations is so weak that a whole "grantsmanship" industry has sprung up to serve potential grantees who do not know where the money is for their projects or how best to apply for it. The available information about foundations is largely based on grant descriptions in foundation annual reports, the general surveys mentioned in the preceding paragraph, or on generalized, anecdotal, sometimes contradictory observations.

Several additional reasons account for the paucity of information about foundations and higher education. First, many more foundations now exist than before World War II, and it is far more difficult to keep track of their activities. Second, grant-making activities are to higher education what theoretical research is to the solution of practical problems: their contribution to higher education is unpredictable before the fact and undecipherable until long after. Foundation expenditures are not only smaller in relative terms; they are also more diffuse—almost camouflaged in the large-scale dynamics of higher education. Finally, the foundation tradition of privateness has hindered efforts to persuade many foundations to write more about themselves. In order to study current activities of foundations, one must rely on the grant descriptions in annual reports, which actually reflect aspirations, not effects; one can find general areas where foundations are making grants, but rarely what they are actually accomplishing.

In earlier times, when records of the financial role of foundations in higher education were imprecise, the record of their substantive importance was visible and not difficult to keep. Ironically, in recent years, when their overall records of financial support of higher education are fairly precise, we know relatively little about their overall impact or importance to higher education. This situation is changing. Philanthropic institutions have become an important research subject in the past few years. A new organization—the Joint Committee on Research in Philanthropy, sponsored by the Council on Foundations and The Foundation Center—recently reported that over 100 scholars are currently doing work in various aspects of the field.

The Approach of This Study

Our aim has been to gather information that would enable us to answer the three questions posed at the outset: (1) What are foundations doing in higher education? (2) Where does higher education grant making seem to be headed? (3) Can foundations have an important role in the future of higher education? We first examined the published information about foundations.

Next, using a classification system of our own design, we analyzed a sample of foundations to determine the purposes for which grants are being made, and to whom. The main data source for the project—the published reports of foundations—was itself made an object of study. We analyzed the adequacy of foundation reports as our information source, drawing on responses to a short questionnaire sent to college and university presidents, on interviews with staff members of foundations, and on personal observations of the policies of several foundations.

The remainder of this chapter discusses the uses and limitations of the published information and of our classification system. Chapter 2 discusses the specific foundations studied; Chapter 3 discusses the grants awarded and their recipients. Annual reports are discussed in Chapter 4. Chapter 5 presents our findings and responses to the three questions.

Uses and Limitations of Current Information

The total sums that foundations currently give to higher education can be calculated quite precisely, but there is relatively little information that would aid judgments about the importance of foundations to higher education. Indeed, what is known only serves to underscore the significance of what is not known. For example, the U.S. Office of Education (USOE) publishes the comprehensive *Higher Education General Information Survey* each year.[2] This survey (HEGIS, as it is usually called) is the most widely quoted source for statistics on institution income and expenditure. It provides an estimate of total philanthropic contributions to general and student-aid revenues and expenditures, but its accounts say almost nothing about the particular uses of funds from foundations.

Another source of current information is more specific: The annual survey of the Council on Financial Aid to Education

[2]Higher education income statistics are available in the annual USOE publication, *Digest of Educational Statistics*, which includes the data from the yearly *Higher Education General Information Survey* (HEGIS). The USOE figures for foundations are roughly comparable to those of the Council for Financial Aid to Education (CFAE).

(CFAE)[3] shows the approximate magnitude of foundation support for colleges and universities for both current and capital gifts and grants in six areas—unrestricted, physical plant, research, student aid, faculty compensation, and other—a total of 12 categories. The CFAE's data come from questionnaires completed by over 900 colleges and universities, in which voluntary support is shown by type of donor (including foundations). The CFAE figures are important and widely quoted, but their use is limited by the generality of these categories. Data on expenditures in such categories suggest little about the qualitative importance of foundations to higher education. The CFAE survey also does not include contributions that do not go to colleges but go, for example, to students directly, fellowship programs, or representative organizations.

The Foundation Center maintains a computer file of grants made by its members, called the "grants index," with categories more specific than those of the CFAE survey.[4] For example, educational research is isolated from other research, and special projects are separated from general support. But because the categories do not allow for overlap between higher education grants and health, humanities, and sciences grants, all of which are categorized separately from education, there is no way to pull together all the general support, special projects, student financial assistance, and research grants that affect higher education. In addition, the grants index reflects the multiyear terms of grants and the inconsistent arrival of the foundations' reports to the Foundation Center.

The lack of information in this area has prompted one large-scale effort to quantify contributions in categories more specific than those used by CFAE. The National Planning Association (NPA), under a one-time contract from the National Commission on Private Philanthropy and Public Needs, analyzed grants in the Foundation Center's computerized grants index.

[3]CFAE publishes some of its survey results in its *Voluntary Support of Higher Education*. Data on the purposes of grants received by different types of grantees are not published but are available from the CFAE office in New York.

[4]Published in disaggregated form monthly in *Foundation News*.

This study (Bourque, 1974) is especially valuable for its appreciation of the overlap between grants to education and those in such other fields as health or science. However, the NPA study does not include all grants to higher education, so there is no account of the absolute total foundation contribution to higher education.[5] NPA's estimate of the foundation grants is also suspiciously high compared with CFAE grant data ($920 million compared with $410 million in 1972). In addition, the American College Testing Program performed a useful geographic analysis of the grant-making patterns of large foundations (Colvard and Bennett, 1974).

The Basis of the Classification System

From time to time we read accounts of grants made by private philanthropic foundations to restore a local campus building, to add a new course to the curriculum of a nearby college, to enable faculty members at the university to do research, or to give general support to a higher education association in Washington, D.C. These are typical of the various kinds of grants foundations make for higher education purposes.

If we look behind the immediate objective of these grants to their underlying purpose, we see that the grant to restore a building helps *sustain* the college to continue doing what it has been. The grant to add a new course to the curriculum helps to *develop* the institution—to change it or help it do something new. A research grant *employs* the resources of the university; whereas a grant to a higher education association is one whose purpose is the *general strengthening* of higher education. These four categories—(1) sustaining, (2) developing, (3) employing, and (4) general strengthening—form the basis of the classification system used in this study.

Little is known about the total dollar amount of grants in these four categories. No one, not even foundation officers, knows how many such grants are made to whom, or in what

[5] In the NPA study (Bourque, 1974), some grants were counted in more than one category. There was no indication what percentage of "health and health-related activities" grants went to higher education.

proportion, because these data are not gathered or classified in a form that would reveal this information. By focusing on the intended effects of these grants on institutions, our classification method seeks to deal with some of the important criticisms discussed above. Foundations are often criticized for making too few grants of one or another of these types, particularly grants of the developmental type. On the one hand, foundations are accused of playing it safe, awarding grants that sustain institutions or employ their resources but do not seek to change them. On the other hand, presidents of research universities have been concerned lest foundations shift resources away from the "employment" or research objective. And while they are being criticized for their timidity, foundations are also likely to be accused of spending too much money on innovation—in developmental grants, typically—and not enough on helping institutions sustain or even sensibly consolidate what they now have. This criticism in particular has been heard in the past few years as colleges and universities have faced problems of adjusting to reduced growth.

Our grant classification system uses the more general expenditure categories (available in CFAE surveys), as well as information on grant making by the various important policy issues noted above. However, within each major category, subcategories indicate which disciplines are affected (humanities, social sciences, professions, and so forth); and the type of activity (curriculum development, building, research, and so forth); and who is affected by each grant (faculty, students, managers). Every grant affecting higher education, whether it goes to a campus or not, is included. This particular approach also separates what might be called capital-creating activities (developing and strengthening) from capital-using activities (employing) and those grants that sustain existing activities. A summary statement of the system is presented below; full details of the classification system are presented in Appendix A.

The Grant Classification System

The four types of grants to higher education that are the subjects of the following chapters follow.

1. *Sustaining individual institutions and multicampus systems. Sustaining* refers to support that allows the institution or multicampus system to continue its existing activities (other than research): grants for unrestricted purposes, for renovation or simple replacement of plant and equipment, and to maintain ongoing activities.

2. *Developing individual institutions and multicampus systems. Developing* refers to grants designed to change or add to campus activities—new plant and equipment, faculty, curriculum, and programs of internal improvement.

3. *Employing institutional resources to work on specified problems (excluding those of higher education). Employing* refers to the use of higher education itself. Thus, research, public services, and other services are considered employment. University hospitals are not included, however, and research on higher education problems is classified as general strengthening.

4. *General strengthening of higher education. General strengthening* refers to activities designed to affect more than one campus or system—employing the resources of higher education as well as other resources to work on higher education problems. Included are grants for the general support of higher education or representative organizations and grants for all foreign higher education activities, including those that are campus-based.

2

The Foundations Studied

Selecting the Sample

The U.S. has more than 28,000 grant-making foundations.[1] The total number of foundations making grants for higher education, though obviously fewer than 28,000, is too great to study them individually. Thus, at the outset, our task in this study was to select an appropriate sample of foundations and apply our classification system to their grant-making activities. With the help of our project advisory committee and people recommended to us by them, we selected the following 39 foundations.

Alcoa Foundation
Atlantic Richfield Foundation
Mary Reynolds Babcock Foundation
Boettcher Foundation
Bush Foundation
Morris & Gwendolyn Cafritz Foundation
Carnegie Corporation
Cleveland Foundation
Committee of the Permanent Charity Fund (Boston)
Commonwealth Fund

[1] Estimates of the total number of foundations are almost as varied as those of the financial obligations of the City of New York. Published estimates range from 26,000 to 37,000, depending on the definition of *foundation*. The estimate we use—more than 28,000—is the estimate prepared by the Council on Foundations for its 1974 report to the Commission on Private Philanthropy and Public Need. It is derived as follows: from the Internal Revenue Service estimate of a grand total of 37,000 foundations, subtract both 1,100 operating (as contrasted with grant-making) foundations and between 6,000 and 8,000 endowed institutions that are not primarily grant makers. The remaining figure is more than 28,000 private foundations with discretionary grant-making functions.

Cummins Engine Foundation
Charles A. Dana Foundation
Danforth Foundation
Arthur Vining Davis Foundations
Duke Endowment
Samuel S. Fels Fund
Ford Foundation
Foundation for the Northwest
George Gund Foundation
John A. Hartford Foundation
Hartford Foundation for Public Giving
James Irvine Foundation
J.D.R. 3rd Fund
W. K. Kellogg Foundation
Kresge Foundation
Lilly Endowment
John & Mary R. Markle Foundation
Andrew W. Mellon Foundation
Merck Company Foundation
Charles Stewart Mott Foundation
New York Community Trust
Pittsburgh Foundation
Rockefeller Foundation
San Francisco Foundation
Sarah Mellon Scaife Foundation
Alfred P. Sloan Foundation
Spencer Foundation
Southern Education Foundation
U.S. Steel Foundation

Our aim was to analyze the experience of three kinds of grant-making foundations—community, corporate, and those usually referred to as "general-purpose" foundations. Operating foundations were excluded. Two of these three categories reflect the foundations' source of funds, which in turn influences their work. Community foundations are created by many donors, and corporate foundations by business firms. General-purpose foundations are usually created by individuals or families.

These categories have no formal legal status that bears on this study. The Internal Revenue Service does not distinguish between foundations created from individual or family wealth and those created by corporations. In addition, some corporate foundations are conceived on the general-purpose model, while others are merely organizations that carry out the routine corporate philanthropy, an in-house activity in most firms. The 39 foundations in the sample are divided among these three major categories in the list on the following page.

General-purpose foundations

Ford Foundation
Rockefeller Foundation
A. W. Mellon Foundation
Kresge Foundation
W. K. Kellogg Foundation
Carnegie Corporation
Charles Stewart Mott Foundation
Lilly Endowment
Alfred P. Sloan Foundation
Duke Endowment
John A. Hartford Foundation
Bush Foundation
Foundation for the Northwest
Sarah Mellon Scaife Foundation
James Irvine Foundation
Commonwealth Fund
Spencer Foundation
Charles A. Dana Foundation
Boettcher Foundation
Arthur Vining Davis Foundations
John & Mary R. Markle Foundation
George Gund Foundation
Danforth Foundation
Mary Reynolds Babcock Foundation
Morris & Gwendolyn Cafritz Foundation
Samuel S. Fels Fund
Southern Education Foundation
J.D.R. 3rd Fund

Community foundations

New York Community Trust
Cleveland Foundation
San Francisco Foundation
Committee of the Permanent Charity Fund (Boston)
Pittsburgh Foundation
Hartford Foundation for Public Giving

Corporate foundations

Alcoa Foundation
U.S. Steel Foundation
Cummins Engine Foundation
Merck Foundation
Atlantic Richfield Foundation

Because "general purpose" is such an important category, we sought to have the study sample include foundations of different sizes to determine the differences in grant making, if any, due to this characteristic. Although it is customary in the field to refer to large, medium, and small foundations, there are no established definitions of these categories. The sample includes a range of general-purpose foundations with total grants of less than $500,000 to total grants in excess of $220 million.

Sample selection in this field poses more than routine problems. Because there is no way of knowing how many of the 28,000 foundations make higher education grants, it was impossible to select a random sample of the foundations active in the field. Further, because our analysis depended on the quality of information in the foundations' annual reports, we were limited to those foundations that make fairly complete reports of their grant-making activities. We quickly learned that some foundations active in higher education do not publish annual reports; that others had published no current reports; and that some reports lacked sufficient detail for analysis by our classification system. These restrictions led us to select our sample from among foundations with a published record of grants to higher education. Among the foundations selected, individual commitments to higher education ranged from as little as 10 percent of all grants to 87 percent.

Although our sample is not representative of all foundations, it is, we believe, illustrative of those with serious interests in higher education. The sample includes a good representation of large general-purpose foundations. According to the 1975 edition of *The Foundation Directory*, the study sample contains 8 of the 10 largest foundations by asset size, 13 of the largest 20 foundations by asset size, and 17 of the largest 38 foundations by asset size. The sample therefore provides data on foundations whose grant making has the most financial impact and who are considered the leaders in the foundation community. The smaller foundations are relatively underrepresented, however.

Five corporate foundations are included in the sample. In its most recent survey of corporate support of higher education,

the Council on Financial Aid to Education observed (1979, p. 11), "While the total number of such [corporate] foundations in existence is not known precisely, it is believed to be roughly 700." This typical lack of precision is further revealed by the report of the Council on Foundations to the Commission on Private Philanthropy and Public Needs, which estimates the number of corporate foundations to be about 1,500 (Council on Foundations, 1974, p. II-3). The Council on Foundations (1974, p. II-2) also estimates that there are 250 community foundations, of which six are found in our sample.

Table 2 shows the extent to which the sample is weighted by general-purpose foundations. Their grants in 1974 contain over 94 percent of the total grant dollars in the sample. The community foundations are considerably less involved in higher education than either the general-purpose or corporate foundations.

In 1970, the foundations in the sample made higher-education grants totaling $232.3 million; in 1974, such grants totaled $236.3 million. According to the estimates of the Council on Financial Aid to Education (CFAE), the 1974 grants to colleges and universities in our sample represent about one-third of the total estimated yearly receipts from foundations of colleges and universities (see Table 3). Neither CFAE nor the Foundation Center estimates foundation contributions to higher education paid to institutions other than colleges and universities, so we do not have this additional check on the sample.

In our analysis, a foundation's authorizations for higher education programs it manages itself are included with its grants.

Table 2. Percentage distribution of higher education grants in the sample among foundation categories, 1970 and 1974

Foundation category	*1970*	*1974*
General-purpose	98.8%	94.6%
Corporate	— —	2.6%
Community	1.2%	2.8%

Table 3. Foundation sample grants compared with grants by all foundations, 1970 and 1974

	1970	*1974*
Total foundation support of U.S. institutions (in millions)	$434.0	$535.0
Grants to U.S. institutions by foundations in study sample (in millions)	$172.0	$178.9
Percentage of total grants to U.S. institutions represented by study sample	39.6%	33.4%

Sources: Figures for total foundation support are estimates prepared by the Council on Financial Aid to Education and obtained by telephone inquiry. Study sample figures were derived by subtracting grants to non-U.S. institutions and non-U.S. locations from total grants.

The 1970 sample is not strictly comparable to that for 1974 because reports for 1970 were not available for any of the corporate foundations or for two of the general-purpose foundations. Because these foundations comprise such a small percentage of the total sample, comparison of 1974 and 1970 figures is not significantly affected, however. Despite a slight increase in total higher education grants, the ratio of the study-sample grants to institutional receipts from foundations declined between 1970 and 1974, from 40 to 33 percent (see Table 3). One possible explanation is that foundations were shortening the duration of their authorizations, so that 1974 contained fewer and shorter multiyear commitments than 1970. There is no reason to believe that foundations not included in the sample were increasing their contributions faster than those in the sample.

Grants to Higher Education in 1970 and 1974

In order to determine the grant-making policies of these foundations, we analyzed, from their annual reports, every grant made for higher education in 1970 and 1974. The total number of higher education grants was 1,685 in 1970 and 2,273 in 1974. These years represent two highly important and contrasting periods in recent higher education history: 1970 marked the

end of a period of great growth in higher education, during which enrollment, funding, and public regard were at an all-time high. In 1974, the most recent year for which data were available for this study, higher education was experiencing a new condition characterized by declining enrollment growth, severe price inflation, budget and organizational pressures, and growing government regulation.

We encountered problems with the procedure of analyzing grants made in 1970 and 1974. Information provided in the annual reports was not always easy to categorize according to our classification system. Grant purpose, as defined by the foundation, sometimes overlapped categories. (We decided to classify grants with both a research and an instructional mission as "development" grants.) We had to interpret the purpose of some grants when the descriptions in the reports were vague or very short.

Foundation grants often do not fit neatly within a calendar year; authorizations and payments are sometimes made in different periods. Our analysis used *authorizations* from the current year—including amounts not actually spent in that year—for all foundations but the five that only reported payments. These five foundations, however, generally made only single-year grants, and payments and authorizations were usually the same. (Of course, authorizations may exceed a single year's payments by a considerable margin.) We used authorizations rather than payments because, in our judgment, the former best represent a foundation's higher education policy in a given year. A multiyear grant is a larger commitment to an activity; one year's payment does not necessarily reflect the total commitment.

The Diversity Among Foundations

As the number of foundations has grown, so has their diversity. Early foundations were few and had in common their size, national interests, management style, and governance; foundations today are not at all homogeneous. Unlike early foundations, which were the products of great accumulated wealth, many of the new foundations were created in the widespread but less

massive affluence that followed World War II—an affluence in which tax considerations were a larger part of the philanthropic impulse than when the older foundations were established. The differences among them are much more obvious than the similarities. Indeed, the diversity and size of the foundation sector are two of the reasons that information about it is so poor.

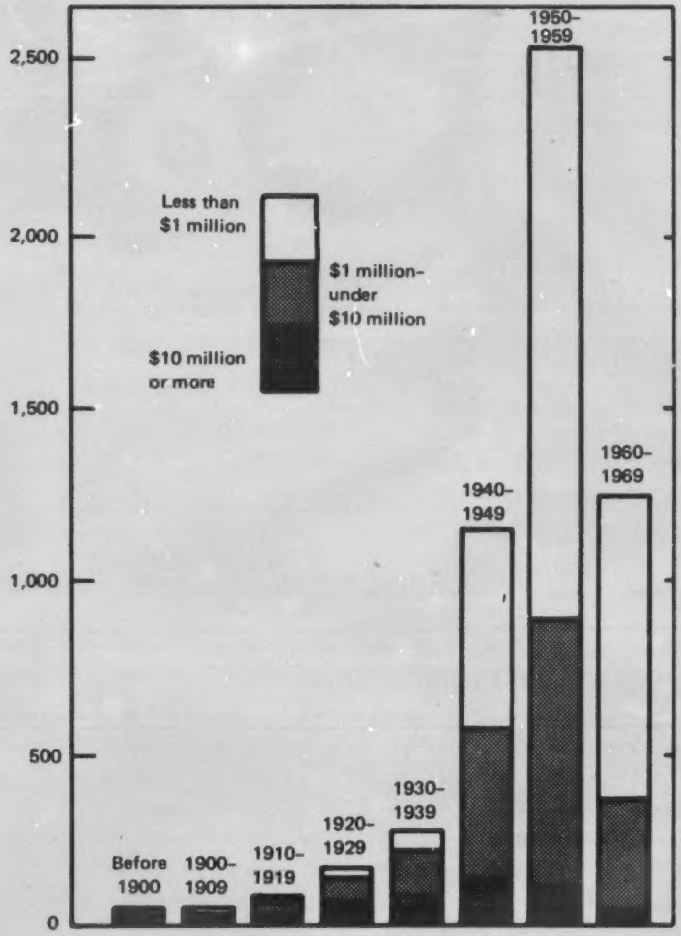
The organizations that comprise this sector range from the thousands of very small foundations—"a file folder in a lawyer's desk drawer," in the words of Landrum Bolling, chairman of the Council on Foundations (cited in Lanouette, 1979, p. 256)—to professionally staffed organizations with assets from $20 million up to $2 billion. Some important changes in foundation size and numbers are shown in Figure 1. Although the news about foundations is made by the large ones, this figure shows that most foundations are very small; only about 3,000 foundations have assets greater than $1 million.

Diversity in Grant Making

The great diversity of today's foundations is reflected in the grants they make. Higher education is, of course, only one of many areas of foundation interest, and many foundations make no grants to higher education. Furthermore, even though foundations may indicate in *The Foundation Directory* that higher education is one of their interests, this does not necessarily mean that they actually make grants to higher education. No data are available to show what percentage of grant-making foundations provide grants to higher education, but it is likely that a substantial majority of all foundations do make some grants to higher education.

The Foundation Center estimates that almost one-third of the dollar value of foundation grants is for education, and this estimate has been quite stable for more than a decade. The National Planning Association (NPA) survey noted earlier (Bourque, 1974) shows that 78 percent of grants for education were for higher education; however, the other categories used by the Foundation Center—science, humanities, religion, health, and international activities—also contain grants for higher education. The NPA estimates that 68 percent of the grants for

Figure 1. Period of establishment of 5,436 foundations, by asset classes



Source: The Foundation Directory, 4th ed., prepared by The Foundation Center (Marianna O. Lewis, ed.), Columbia University Press, 1971.

"science and science-related activities" went to colleges and universities, and that over one-third of the expenditures for "health and health-related activities" were for research and manpower training, much of which, we assume took place at universities. It also seems safe to assume that a substantial portion of humanities and international activities funds were for higher education. Thus the estimate that one-third of foundation grants go to higher education seems quite reasonable and is probably conservative.

The Commission on Foundation and Private Philanthropy—also known as the Peterson Commission—estimated that in 1968, 31 percent of foundation grants went to higher education (1970). An estimate for grants made in 1972 (Havighurst, Holsinger, and Lunde, 1976) concludes that higher education received 33 percent of the total. The higher education share is 40 percent for the sample of foundations in our study.

The Sample in Perspective

In summary, the study sample includes a good representation of large foundations and of their interests, particularly in research. Because the sample is dominated by large foundations, much of the analysis applies only to that special group. It is this group, however, that is in the position to offer leadership to other foundations.

Compared with other summaries of foundation giving, these data are unique in two ways. First, unlike other sources, all grants affecting higher education are included in the analysis. The Foundation Center does not aggregate grants for research, the arts, and other categories with higher education grants; the National Planning Association's one-time survey of Foundation Center grants records omitted some research from its consideration of higher education; and the Council on Financial Aid to Education excludes grants to individuals or organizations that are independent of the colleges and universities they survey annually. Second, the data are unique in that they quantify foundation attention to certain *issues* as well as to conventional purposes, such as endowment, buildings, student aid, and research.

As noted earlier, the sample does not represent all foundations; rather, it is a heterogeneous subset of foundations with significant interests in higher education. Our analysis is limited to information that foundations themselves provide for the public in their annual reports. Thus the data represent what foundations say about themselves, about their intentions and activities as their grants enter the system of higher education. This study does not provide information about the actual impact of foundation grants, except to the extent that that impact can be inferred from descriptions in the annual reports.

3

Purposes and Recipients of Grants

How Foundation Grants Are Used

One of the main conclusions from our analysis is that the foundations in our sample, taken as a group, favor development grants to institutions of higher education. These account for 37.3 percent of the total sample expenditures in 1974.[1] Development grants are intended to change or add something new to the institution: new courses, different students, new buildings. Examples from the sample include grants to "support a seminar to advance new theories and concepts of man and environment," to "aid in providing for minority medical students," and to help the "construction of a new medical sciences center."

Grants for the employment of individual institutions for research and public services and grants for general strengthening activities that affect more than one campus each accounted for about one-quarter of all grants made by the sample foundations in 1974. Grants for employment are usually easy to recognize in our sample. They support such projects as "fundamental research on the effect of light on reproduction," and "a field of

[1] The classification of the higher education grants listed in the annual reports of the sample foundations created a total of 1,685 grants from 34 foundations in 1970 and 2,273 grants from 39 foundations in 1974. These grants represented about $232 million in 1970 and $236 million in 1974. The average grant declined from $138,000 in 1970 to $104,000 in 1974.

study of the effects of television on children." Typical general strengthening grants are for programs administered independently of individual colleges, such as "a program of seminars for college presidents and other college officers" and "scholarships and fellowships."

Sustenance—the support provided for existing activities and capital on campus—amounts to about 10 percent of all grants made by the sample of foundations. An example is a grant "to increase both unrestricted dollar receipts and the number of donors through matching incentives."

The allocation of foundation grants for the years 1970 and 1974 is shown in Figure 2, which gives the percentage of total grants devoted to each of the four major grant types in the classification system.[2]

Changing emphasis, 1970 to 1974. When grant making for 1970 is compared with that of 1974, a significant shift becomes apparent. During that period, foundations moved from support of research toward support of development. Although total foundation grants for higher education in the sample were larger in 1974 than in 1970, the funds available for research and public service—employment, under our classification—dropped by almost $14 million (see Table 4).

The dollar value of grants for employment declined from 31.6 percent to 25.3 percent of total foundation grants. At the same time, development grants increased from $67 million to about $88 million, or from 28.9 to 37.3 percent.

The other overall shifts are away from general strengthening and toward sustenance. The proportion of the sample total for sustenance rose slightly in the four-year period, while the proportion for general strengthening fell slightly. The importance of the development grants is revealed by their average size—$125,000 in 1974. In contrast, sustenance grants average less than one-half that amount. The changes in grant making between the two years studied are substantial, but our data do not tell whether this is a one-time shift or part of a continuing trend.

[2] All data are derived from our study of the sample foundations—either from records of foundations themselves or records of recipient institutions—unless otherwise noted.

Figure 2. Percentage allocation of foundation grants among grant types in 1970 and 1974

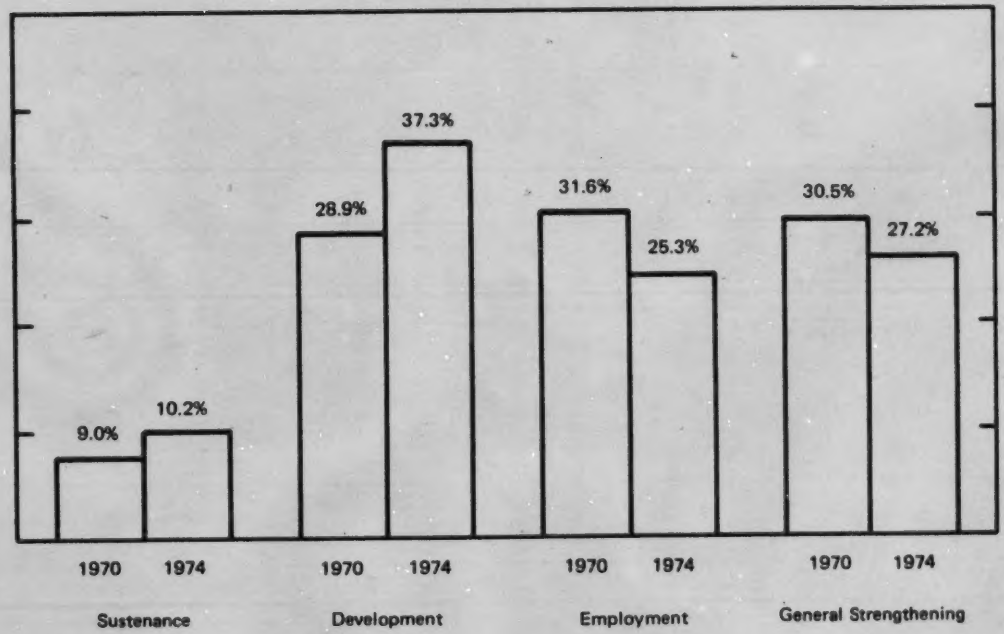


Table 4. Distribution of grants among grant types, 1970 and 1974

Grant type	Amount (thousands)		Percentage of total dollars		Average grant size (thousands)	
	1970	1974	1970	1974	1970	1974
Sustenance	$ 20,916	$ 24,113	9.0%	10.2%	$ 78	$ 50
Development	67,092	88,196	28.9	37.3	149	125
Employment	73,482	59,759	31.6	25.3	137	108
General strengthening	70,832	64,239	30.5	27.2	164	121
Total	$232,321	$236,308	100.0%	100.0%		
AVERAGE, ALL TYPES					$138	$104

Note: Columns may not always add exactly to totals because of rounding.

Between 1970 and 1974, the average size for all four types of grants dropped considerably, from $138,000 to $104,000. Because these figures include authorizations, it is not possible to determine if the declining average is due to smaller yearly payments per grant or fewer years of life to the grants. In either case, the smaller average size suggests a policy of seeking greater budget flexibility.[3] These findings tend to confirm the conventional belief that foundations are attracted by something new. That development is the highest foundation priority in higher education is not surprising; but sustenance activities, at 10 percent, were somewhat larger than we expected. Although foundations are frequently criticized for their reluctance to "pay the fuel bill"—that is, their fair share of overhead—this 10 percent figure shows a significant interest in helping colleges and universities in this way.

The most striking shift in priorities between 1970 and 1974 is the decline in employment grants—a dismaying finding for advocates of the research and public service missions of higher education. This significant shift in priority from employment to development is discussed in Chapter 5.

Diversity within the trends. A close examination of the sample of grants reveals that foundation interests are highly diverse. Details are shown in tables 15 through 22 at the end of this chapter, where the interested reader will find all grants by the major categories and subcategories of the classification system. The range of grant-making interests is remarkable, and it is important to emphasize two points: First, virtually every conceivable aspect of higher education operations has had at least some grant support from the foundations in our study sample. One may argue about the appropriate ratio of grants in one area versus another, but it is clear that foundation grants reach almost all aspects of higher education. Second, although foundation grant making did shift emphasis, as we have noted, a strong commitment was maintained to each of the four grant types.

[3]The addition of corporate foundations to the 1974 sample would have a downward effect on the average grant size, but the effect is slight given the relatively small share of the sample these foundations represent (2.6 percent).

Who Receives Foundation Grants?

Not only does foundation grant making cover virtually every aspect of higher education operations, it goes to all types of institutions. Using the classification of institutions of higher education developed by the Carnegie Commission (1973) and other categories to analyze types of grantees in the sample, it was possible to determine how successfully different types of institutions are in attracting grants. The grantee types are listed below along with a fifteenth category, "foundations' own programs."

Various campuses
Consortia
State systems
Research universities
Doctorate-granting universities
Comprehensive colleges
Highly selective liberal arts colleges
Other liberal arts colleges
Two-year colleges
Special-purpose institutions
Unclassified institutions
Higher education organizations
Other organizations
Individuals
Foundations' own programs

Let us now examine how the grants in the sample were distributed among these grantees (Table 5).

Research universities have a special claim on higher education grants. Among the types of grantees examined in our study, research universities received more than one-third of the total grants.

Next in importance is the unclassified category of colleges --mostly foreign institutions—followed by liberal arts colleges, with 12 percent for both "highly selective" and "other" combined. Grants in the two categories of organizations other than colleges and universities totaled more than 10 percent in 1974, while foundation-administered higher education activities accounted for 1.5 percent of the grants in the sample.

The striking decline in employment grants noted earlier is revealed in a marked decline in support for research universities --from 48 percent to 37 percent between 1970 and 1974. Most other types of colleges gained at the expense of the research universities. Grants for higher education to organizations not specifically serving higher education declined, while grants to

Table 5. Distribution of grants among grantee types, 1970 and 1974

Grantee type	Amount (thousands)		Percentage of total dollars		Average grant size (thousands)	
	1970	1974	1970	1974	1970	1974
Various campuses	$ 1,247	$ 5,962	0.5%	2.5%	$156	$239
Consortia	668	7,219	0.3	3.1	67	258
State systems	1,070	1,760	0.5	0.7	134	7[illegible]
Research universities	112,651	87,469	48.5	37.0	171	112
Doctorate-granting universities	8,093	12,281	3.5	5.2	95	83
Comprehensive colleges	9,789	13,160	4.2	5.6	80	73
Highly selective liberal arts colleges	11,034	15,606	4.7	6.6	94	93
Other liberal arts colleges	7,025	13,347	3.0	5.6	56	62
Two-year colleges	1,277	3,012	0.6	1.3	38	121
Special-purpose institutions	8,246	6,860	3.5	2.9	96	52
Unclassified institutions	20,799	22,116	9.0	9.4	90	95
Higher-education organizations	17,813	16,879	7.7	7.1	144	90
Other organizations	17,116	8,576	7.4	3.6	519	138
Individuals	9,797	18,548	4.2	7.8	426	488
Foundations' own programs	5,696	3,514	2.5	1.5	300	135
Total	$232,321	$236,308	100.0%	100.0%		
AVERAGE, ALL TYPES					$138	$104

Note: Columns may not always add exactly to totals because of rounding.

individuals—mostly foundation-administered student aid—increased. Expenditures for foundation-administered programs also declined.

Clear differences are apparent in the type of grants that go to the various kinds of grantees. Table 6 shows that almost one-half of the support for research universities is for employment. This percentage declined from 53 percent to 41 percent over the four-year period. While the research universities were declining in importance relative to other grantees and their grants were going into development rather than employment, the second-level universities—doctorate-granting universities—showed an opposite trend: their development support declined while research funding increased.

The "highly selective" liberal arts colleges were favored over the more numerous "other" liberal arts colleges, although both groups gained grant support between 1970 and 1974. Liberal arts colleges received much more of their support for sustenance and development than did the universities, as would be expected, although far fewer universities received more development money in absolute terms than the liberal arts colleges.

The pattern of grants for liberal arts colleges of the two types is reversed over the four-year period, just as it was for the universities. The portion of total funds received by the highly selective colleges for sustenance fell, while the development portion grew, with the opposite holding true for the other liberal arts colleges. Other liberal arts colleges also received a large increase in the amount of employment funding.

The grants to two-year colleges nearly doubled between 1970 and 1974, while the actual number of grants fell from 34 to 25. Most of the grants made to two-year institutions in 1970 were for sustenance; in 1974, almost all were for development.

Public versus private institutions. The majority of foundation grants for higher education go to private institutions—twice the amount that is granted to public institutions. Despite other changes in grant making, this two-to-one ratio remained about the same from 1970 to 1974. These data are shown in Table 7.

Table 6. Percentage distribution of grants among grantees and grant types, 1970 and 1974

Grantee type	*Sustenance*		*Development*		*Employment*		*General strengthening*	
	1970	*1974*	*1970*	*1974*	*1970*	*1974*	*1970*	*1974*
Various campuses	–	–	47.0%	49.0%	33.8%	4.9%	19.2%	46.1%
Consortia	14.6%	2.1%	78.6	85.3	–	3.3	6.8	9.3
State systems	–	4.0	100.0	47.5	–	1.9	–	46.6
Research universities	8.6	13.0	34.8	43.1	53.2	41.5	3.4	2.4
Doctorate-granting universities	0.9	8.8	52.1	32.1	46.3	58.4	0.7	0.6
Comprehensive colleges	39.6	16.8	48.2	65.2	10.3	18.0	1.8	–
Highly selective liberal arts colleges	42.2	25.4	51.0	68.9	3.1	3.6	3.7	2.2
Other liberal arts colleges	22.6	25.4	72.1	59.7	5.0	14.9	0.3	0.0
Two-year colleges	25.1	3.8	6.0	83.3	68.9	12.8	–	–
Special-purpose institutions	3.4	7.8	60.7	55.0	35.9	36.8	–	0.5
Unclassified institutions	1.8	5.5	4.8	13.1	2.7	3.0	90.8	78.4
Higher education organizations	–	–	–	0.6	2.1	0.8	97.9	98.6
Other organizations	–	0.0	–	0.9	7.7	32.8	92.3	66.4
Individuals	–	–	–	–	16.1	23.1	83.9	76.9
Foundations' own programs	–	–	–	–	–	–	100.0	100.0
AVERAGE, ALL TYPES	9.0%	10.2%	28.9%	37.3%	31.6%	25.3%	30.5%	27.2%

Table 7. Research universities: Distribution of grants among grant types and grantee controls, 1970 and 1974

Grant type	1970			1974		
	Public	*Private*	*Total*	*Public*	*Private*	*Total*
Sustenance	$ 637,359 (1.7%)	$ 9,015,287 (12.0%)	$ 9,652,646 (8.6%)	$ 517,610 (1.8%)	$10,855,532 (18.3%)	$11,373,142 (13.0%)
Development	13,320,378 (35.6%)	25,892,249 (34.4%)	39,212,627 (34.8%)	11,621,560 (41.3%)	26,075,905 (43.9%)	37,697,465 (43.2%)
Employment	20,720,927 (55.4%)	39,236,617 (52.1%)	59,957,544 (53.2%)	14,991,067 (53.3%)	21,319,608 (35.9%)	36,310,675 (41.5%)
General strengthening	2,694,486 (7.2%)	1,134,057 (1.5%)	3,828,543 (3.4%)	995,738 (3.5%)	1,091,935 (1.8%)	2,087,673 (2.4%)
TOTAL	$37,373,150	$75,278,210	$112,651,360	$28,125,975	$59,342,980	$87,468,955

The patterns of grant making to public and private institutions are quite different. Not surprisingly, the public institutions receive very little sustenance; this is probably assumed to be the state's responsibility. As was the case for the entire sample, development support increased at the expense of employment for both public and private grantees. Compared with private schools, a much larger share of foundation support of public institutions went for employment. This is because the support for public institutions is even more concentrated at research universities than it is for private institutions; there are very few public liberal arts colleges.

Foundation funding of research institutions favors the private universities by a wide margin (Table 8). Much of the difference is in sustenance, of which the foundations provide very little to any public institutions. Private research universities also receive more than twice the development money as public universities. And most significant for those concerned specifically with research, foundation employment for private research institutions exceeded that for public research institutions by about 50 percent in 1974, although the difference narrowed considerably from 1970.

Where the grantees are. Analysis of the study sample indicates that the grantee institutions are geographically dispersed. Table 9 shows that Midwest institutions compete strongly for grants; in 1974, the North and South Central regions received more grants than the Northeast and Middle Atlantic regions. The geographic distribution of grants was not stable between 1970 and 1974; the Middle Atlantic region showed a considerable decline, and the North Central and Pacific regions showed increases.

Support for different academic disciplines. When grants are classified by academic discipline, a very uneven picture emerges. Contrary to popular belief, grants for the humanities exceeded those for the social sciences, and humanities grants increased fourfold between the two sample years. In fact, grants for the social sciences were relatively low compared with other areas. This finding reverses the pattern identified in Hollis' study (1938, p. 240). Data for 1921 and 1934 show humanities the lowest

Table 8. Percentage distribution of grants among grantee controls and grant types, 1970 and 1974

	Sustenance		*Development*		*Employment*		*General strengthening*	
Grantee control	*1970*	*1974*	*1970*	*1974*	*1970*	*1974*	*1970*	*1974*
Public	2.5%	3.9%	35.3%	42.2%	51.2%	44.5%	11.0%	9.5%
Private	12.1	12.6	29.8	39.5	28.4	22.2	29.7	25.7
Other/unknown	0	5.9	6.7	7.8	10.3	3.7	83.0	82.6
AVERAGE, ALL CONTROLS	9.0%	10.2%	28.9%	37.3%	31.6%	25.3%	30.5%	27.2%

Table 9. Distribution of grants among grantee locations, 1970 and 1974

Grantee location	*Percentage of total dollars*		*Average grant size (thousands)*	
	1970	*1974*	*1970*	*1974*
Northeast	11.5%	11.2%	$166	$126
Middle Atlantic	26.4	19.7	188	105
North Central	18.2	22.0	116	94
South Atlantic	13.3	14.8	134	113
South Central	3.9	3.8	138	67
Mountain	2.3	1.4	77	42
Pacific	7.3	9.6	93	85
Non-U.S.	8.5	7.7	90	101
Various/unknown	8.5	9.7	312	239
AVERAGE, ALL LOCATIONS			$138	$104

grant priority, receiving between one-fourth and one-fifth as many grants as the social sciences during those two years.

The life and physical sciences received the most funding among those grants in our sample that could be identified with a single area (Table 10); the professions were a close second. The "other" category represents both unidentifiables and those that overlap two areas. The rankings among the areas was about the same for both years.

Support for various campus constituencies. Foundation support for the various constituencies on campus is also uneven. In 1974 student financial-aid grants amounted to $27,363,000. Very little was given as unrestricted grants to individual campuses (only $1,779,000); more was restricted and thus classified as development ($6,896,000). The largest amount, however, was not distributed through campuses but through major independent scholarship and fellowship organizations ($18,688,000). About $5 million in other funds was made available for student services other than financial aid.

The beleaguered managers of the nation's institutions of higher education received some attention. About $2.8 million was granted to individual campuses for management in 1974,

Table 10. Distribution of grants among academic areas, 1970 and 1974 (dollars in thousands)

1970	*Humanities*	*Social sciences*	*Life & physical sciences*	*Professions*	*Libraries*	*Other*	*Total*
Sustenance	$ 205	$ 0	$ 275	$ 2,504	$ 887	$ 1,598	$ 5,469
Development	3,410	1,188	4,531	14,102	5,519	16,148	44,898
Employment	592	1,943	17,759	766	0	3,673	24,733
General strengthening	0	500	23	3,897	0	3,892	8,312
Total	$ 4,207	$3,631	$22,588	$21,269	$6,406	$25,311	$83,412
Percentage	5.0%	4.4%	27.1%	25.5%	7.7%	30.3%	100.0%
1974							
Sustenance	$ 693	$ 0	$ 1,304	$ 610	$ 252	$ 5,153	$ 8,012
Development	9,961	308	1,696	16,690	7,661	20,623	56,939
Employment	4,798	3,873	2,370	555	0	1,669	13,265
General strengthening	1,218	26	23	736	0	7,293	9,296
Total	$16,670	$4,207	$ 5,393	$18,591	$7,913	$34,738	$87,512
Percentage	19.0%	4.8%	6.2%	21.2%	9.1%	39.7%	100.0%

Note: Columns may not always add exactly to totals because of rounding.

while another $4.5 million went for management and leadership activities to strengthen more than one campus.

It is difficult to separate out all the support for faculty from the data because much of it is for curriculum development; less than $1 million was available for unrestricted faculty endowment or operating support. But the curriculum and faculty development subcategories of development and general strengthening were large, accounting for 39 percent of development and over 10 percent of the general strengthening categories. Of course, foundation grants for research give essential support to the faculty as well.

Support for research. People concerned about the research mission of higher education will find little to cheer in these data. As we have already seen, research funding declined between 1970 and 1974. Within the research category, applied activities attracted twice the support given basic research—about $23 million to $13 million in 1974. This stands in marked contrast to 1970, when basic research accounted for almost $25 million compared with $30 million for applied research. Between 1970 and 1974, changing grant-making policies most affected: (1) research universities among all institutions, (2) research funding among all grant purposes, and (3) basic research among all research missions. The combined effect on the research universities is considerable.

The foundation grants in this study represent a small fraction of the total research funds used by colleges and universities. The National Science Foundation (NSF, 1978) estimates that in 1974, colleges and universities received a total of $3.023 billion for research and development. Of this amount, the federal share was $2.032 billion, while the institutions themselves provided $677 million. Other nonprofit institutions provided $218 million, several times greater than the $36 million of applied and basic research grants in our sample. Industry provided the remaining $96 million. Because of differences between the criteria used in categorizing the NSF data and our own, these two sets of numbers are not fully comparable to those noted above, but they are adequate to reflect the relatively small share of total research funds provided by foundations.

Among research topics in 1979, health and population were the most favored applied problem areas. The relative share of grants for each remained about the same in 1974, with the exception of the decline in population research grants. (The large, specialized Robert Wood Johnson Foundation is not included in the sample. If it were, grants for the health and medicine category would have been much larger.)

It must be noted that, unlike other categories of support, the funding of research is dominated by a few large, well-staffed foundations. Thus, a major policy shift at the Rockefeller or Ford foundations has a disproportionate effect on data for the entire sample.

Special Characteristics of Grantees and Grants

As noted in Chapter One, the classification of foundation grant making included "special characteristics," both of grantees and grants, that determined the extent to which grant making was responsive to a number of important issues in higher education policy. Thus, the study identified all grants going to new, single-sex, primarily black, or Native American institutions. The findings of this tabulation are shown in Table 11. Table 12 shows the results for the different types of institutions.

Table 11. Distribution of grants among special characteristics of grantees, 1970 and 1974

	Percentage of total dollars		*Average grant size (thousands)*	
Grantee type	*1970*	*1974*	*1970*	*1974*
New	0.3%	1.4%	$135	$462
Women	1.0	2.1	55	86
Men	0.1	0.0	150	10
Black	5.5	6.5	123	119
Native American	0.2	0.0	110	12
Other	0.1	0.4	167	230
Without special characteristics	92.6	89.6	141	102
AVERAGE, ALL GRANTEES			$138	$104

Note: Columns may not always add exactly to totals because of rounding.

Table 12. Distribution of grants among their special characteristics, 1970 and 1974 (As identified in study classification system)

	Percentage of total dollars		*Average grant size (thousands)*	
Grant type	*1970*	*1974*	*1970*	*1974*
Access	5.0%	8.2%	$145	$158
Affirmative action	0.0	0.4	0	122
Nontraditional students	0.4	0.7	105	118
Nontraditional locations	0.0	2.0	87	231
Nontraditional campuses	0.5	0.2	421	147
Interdisciplinary activities	4.0	2.9	230	200
Contraction	0.0	0.0	0	100
Not enough information	17.0	15.8	144	95
Without special characteristics	73.1	69.9	133	101
AVERAGE, ALL TYPES			$138	$104

Note: Columns may not always add exactly to totals because of rounding.

The findings indicate that the commitment of foundations to institutions that serve a special group of students is modest. About 10 percent of the grants in the sample went to institutions with the special characteristics, and this proportion increased only slightly between 1970 and 1974 (Table 12). In 1974, black institutions received the major share of the expenditures for institutions that serve specific groups in the population—over $15 million. There was also a $2.5 million increase in grants to women's colleges and a $250,000 decrease at men's colleges. With the puzzling (and to many, troubling) exception of colleges with Native American orientation, all of the other specialized institutions received increased foundation support between 1970 and 1974.

A growing number of foundation grants were designated for several specific higher education concerns. Over 10 percent of foundation funds went to the seven special concerns listed in Table 12. The largest amount went to increasing access to higher education, but a number of grants supported nontraditional education, particularly for offering higher education in nontraditional locations. Grants for the creation of nontraditional alternatives on existing campuses, however, declined between 1970

and 1974, although the amounts for nontraditional students and nontraditional locations increased.

The support for interdisciplinary activities, primarily in curriculum, declined during the period. Foundations paid little attention to the problem that institutions face in accommodating reduced rates of growth (or no growth). Only one grant in 1974 dealt explicitly with the problem of institutional contraction.

Foundations selected different types of institutions to address these several concerns. Table 13 shows how the grants with special concerns were distributed among the 15 categories of grantees. (The eighth special characteristic refers to grants whose classification was especially difficult because of lack of information. We will discuss this grant characteristic in Chapter 4, which deals with the quality of annual reports.) Although the research universities received over 25 percent of total higher education support from the sample foundations, they received only about 10 percent of the grants designated for improving access. The major share of the funds for access went to higher education organizations, other organizations, and individuals.

Support for various aspects of nontraditional higher education is distributed among several kinds of campuses, including consortia of colleges and universities. The largest share of these grants was for nontraditional locations at institutions that were not classified by the Carnegie system (Carnegie Commission on Higher Education, 1973) probably because they are too new. In 1974, grants for access went disproportionately to women's and black colleges: 5 percent of the grants for access went to women's colleges compared with 2.1 percent of total grants, and 16 percent went to black colleges compared with 6.5 percent of total grants. Such innovations as programs for nontraditional students, locations, and campuses were, in contrast, underrepresented at women's and black institutions.

Different Types of Foundations

Grant making differs markedly by type of foundation (Table 14). General-purpose foundations give low priority to sustenance activities, high priority to development, with remaining priorities divided equally between employment and general strengthening of higher education. Corporate foundations accord lower

Table 13. Percentage distribution of grants among grantee types and special characteristics of grants, 1974

Grantee type	*Access*	*Affirmative action*	*Nontraditional students*	*Nontraditional locations*	*Nontraditional campuses*	*Interdiscipline*	*Contraction*
Various campuses	4.7%	0%	0%	0%	0%	0%	0%
Consortia	0.9	0	22.0	6.8	45.5	0	0
State systems	0.6	0	0	0	0	0	0
Research universities	10.1	27.5	24.8	12.9	16.8	76.6	0
Doctorate-granting universities	6.2	0	0	0.3	0	2.9	0
Comprehensive colleges	3.2	34.3	17.0	0.1	0	0.2	0
Highly selective liberal arts colleges	2.4	0	0	0	37.7	4.3	0
Other liberal arts colleges	3.6	0	0.8	6.8	0	12.0	0
Two-year colleges	3.1	0	0	0.2	0	0	0
Special-purpose institutions	1.3	0	0.5	0.3	0	4.0	100.0
Unclassified institutions	0.8	0	15.0	47.3	0	0	0
Higher education organizations	36.5	0	0	23.6	0	0	0
Other organizations	5.5	0	0	1.5	0	0	0
Individuals	19.8	38.2	20.0	0.3	0	0	0
Foundations' own programs	1.3	0	0	0	0	0	0
			100.0%	100.0%	100.0%	100.0%	100.0%

Note: Columns may not always add exactly to totals because of rounding.

Table 14. Percentage distribution of grants among foundation categories and grant types, 1970 and 1974

Foundation Type	Major grant type: 1970 Sustenance	1970 Development	1970 Employment	1970 General strengthening	1974 Sustenance	1974 Development	1974 Employment	1974 General strengthening
General purpose	8.6%	28.8%	31.8%	30.8%	9.1%	38.0%	26.3%	26.5%
Corporate	–	–	–	–	19.2%	11.4%	1.5%	67.9%
Community	39.0%	34.2%	18.1%	8.7%	38.3%	39.2%	11.4%	11.2%
AVERAGE, ALL TYPES	9.0%	28.9%	31.6%	30.5%	10.2%	37.3%	25.3%	27.2%

priority to employment and give far more to sustenance. (Many corporate general strengthening grants are really sustenance grants whose amounts were not specified by the campus in the annual reports—for example, corporation matching of employee contributions to alma mater.) Community foundations give the highest proportion of sustenance grants and the lowest of general strengthening grants. This is largely because much of community-foundation higher education expenditures are nondiscretionary bequests in the form of relatively unrestricted aid for specified campuses in the community.

Thus we see several patterns of foundation grant-making policy: General-purpose foundations have a strong preference for development grants; community foundations favor both development and sustenance grants; and, corporate foundations favor general strengthening of higher education.

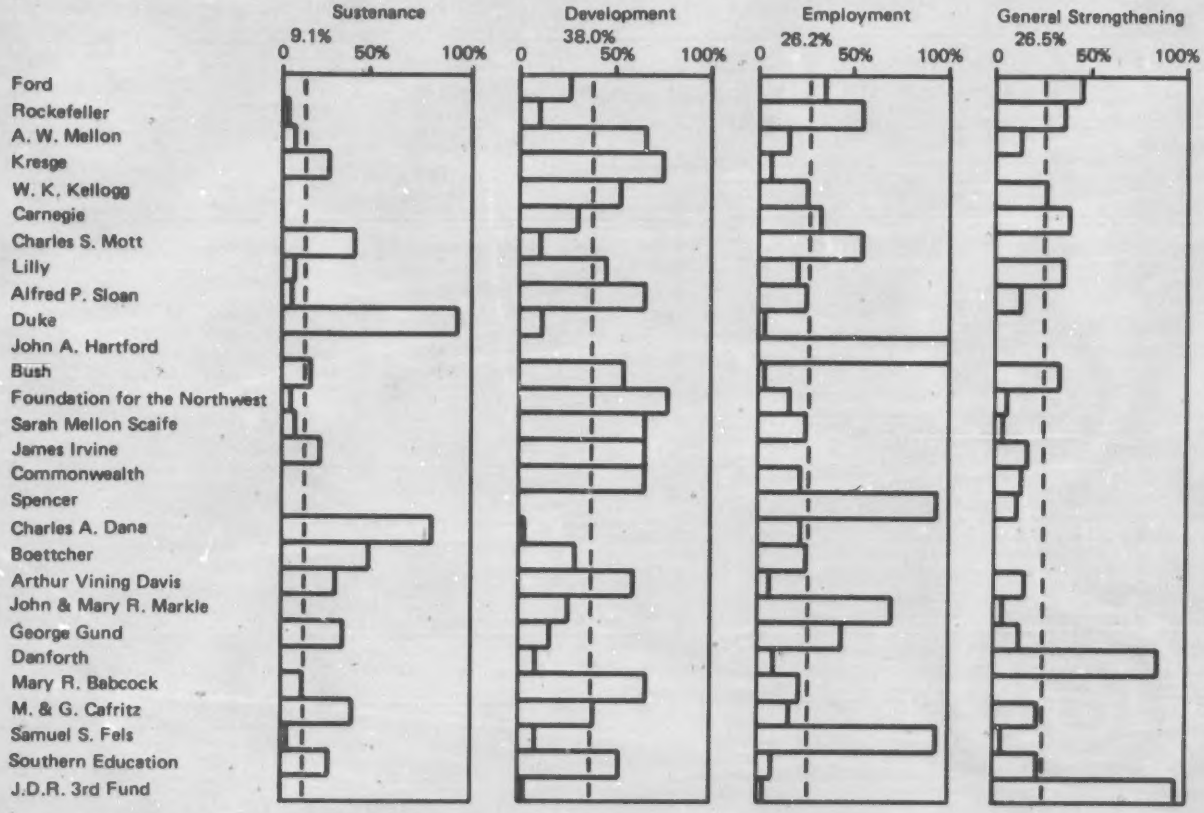
Individual Foundations

Individual foundations within each of these categories do not necessarily follow the overall pattern. When individual general-purpose foundations are analyzed, for example, sharp variations in policy are found, even within the limited area of higher education.

Figure 3 shows the breakdown of individual foundations' grants into the four main grant categories used in this study: sustenance, development, employment and general strengthening. The vertical dotted lines indicate the average percentages for all general-purpose foundations in each of the four major categories: 9 percent of all grants for 1974 were given for sustenance, 38 percent for development, 26 percent for employment, and 26 percent for general strengthening activities.

Foundations clearly have individual, independent agendas. Several have very strong preferences for development grants; some—including the Rockefeller Foundation, the John A. Hartford Foundation, and the Spencer Foundation—use most of their grants to employ institutions of higher education for specific projects; and others, such as the Duke Endowment and the Charles A. Dana Foundation, have an unusually strong preference for sustenance grants.

Figure 3. Percentage allocation of total higher education grants among grant types, 1974



Note: Vertical dotted lines indicate average percentage for the sample.

If there is a pattern to this diversity, the size of assets of the general-purpose foundations in this study is not the key variable. Figure 3 lists the general-purpose foundations in approximate order of 1974 asset size, and suggests that asset size is not closely related to grant-making policy. The diversity of grant-making experience is also marked: Not one general-purpose foundation was within 10 percent of the average percentage for each grant type. It may be, of course, that a larger sample would modify this finding.

Whatever the differences among foundations, the grant policies of individual foundations seem generally stable. The relative share of each grant type was about the same in each of the two years studied. The data supporting that conclusion and additional analysis of the grant making of individual foundations are shown in Appendix B. These data are not intended to make or invite normative comparisons of the various foundations; rather we want to reveal the remarkable diversity within the foundation sector and demonstrate how the category system could be used by applicants to analyze foundation policies.

Tables 15 through 22 provide breakdowns of all grants for 1970 and 1974 by major categories and subcategories of the classification system.

Table 15. Classification of sustenance grants at institutions of higher education by all sample foundations, 1970

Categories of sustenance	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Endowment—unrestricted			
Matching or broadly restricted	$ 115	0.5%	$ 37
Current operating—unrestricted or broadly restricted	12,661	60.5	84
Completely unrestricted	(10,258)	(81.0)	
Academic	(2,373)	(18.7)	
Arts & humanities	205		
Social sciences	—		
Life & physical sciences	—		
Professions	2,005		
Libraries	65		
Other	99		
Nonacademic	(30)	(0.2)	
Physical plant & equipment: replacement or renovation	3,096	14.8	135
Arts & humanities	(–)		
Social sciences	(–)		
Life & physical sciences	(275)	(8.9)	
Professions	(500)	(16.1)	
Libraries	(822)	(26.6)	
Other	(1,499)	(48.4)	
Student services	986	4.7	15
Student aid—unrestricted	(934)	(94.7)	
Other—operating	(52)	(5.3)	
Faculty support—unrestricted or replacement	3,575	17.1	188
Faculty endowment	(250)	(7.0)	
Operating	(3,325)	(93.0)	
Other forms of sustenance	482	2.3	60
Total sustenance	$20,916		

Note: Columns may not always add exactly to totals because of rounding.

Table 16. Classification of development grants at institutions of higher education by all sample foundations, 1970

Categories of development	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Curriculum & faculty development & evaluation	$31,853	47.5%	$204
Arts & humanities	(2,941)	(9.2)	
Social sciences	(1,163)	(3.7)	
Life & physical sciences	(2,920)	(9.2)	
Professions	(11,039)	(34.7)	
Other	(13,790)	(43.3)	
Physical plant & equipment new or new purposes	13,045	19.4	112
Arts & humanities	(469)	(3.6)	
Social sciences	(25)	(0.2)	
Life & physical sciences	(1,611)	(12.3)	
Professions	(3,063)	(23.5)	
Libraries	(5,519)	(42.3)	
Other	(2,358)	(18.1)	
Student services—new	4,169	6.2	56
Financial aid	(2,330)	(55.9)	
Recruiting	(67)	(1.6)	
Counseling	(40)	(1.0)	
Other	(1,732)	(41.5)	
Management & comprehensive self-study	2,162	3.2	68
Other forms of development	15,863	23.6	227
Total development	$67,092		

Note: Columns may not always add exactly to totals because of rounding.

Table 17. Classification of employment grants at institutions of higher education by all sample foundations, 1970

Categories of employment	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Research programs & facilities & dissemination	$57,343	78.0%	$160
Applied public problem areas	(30,169)	(52.6)	
Health & medicine	7,991		
Population	8,079		
Energy	—		
Urban problems	569		
Natural environment & pollution	3,800		
Internation relations, peace & other foreign problems	4,299		
Crime/justice	1,350		
Agriculture & food production	1,675		
Other domestic social or economic problems	2,406		
Specific problems of population subgroups	(350)	(0.6)	
Ethnic or racial minorities	75		
Women	—		
Youth	276		
Aging	—		
Other	—		
Basic research or other nonapplied problems not included above	(24,733)	(43.1)	
Arts & humanities	592		
Social sciences	1,943		
Life & physical sciences	17,759		
Professions	766		
Other	3,673		
Other research, unclassifiable above	(2,090)	(3.6)	

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Table 17 *(continued)*

Categories of employment	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Public services	$6,773	9.2%	$111
Instruction	(219)	(3.2)	
Capital & operating support for facilities	(–)		
Programs for public attendance	(226)	(3.3)	
Professional services programs for the general public	(5,785)	(85.4)	
Other	(543)	(8.0)	
Other forms of employment—not for general public	$ 9,367	12.7	79
Manpower development	(3,342)	(35.7)	
Professional services	(4,598)	(49.1)	
Other	(1,427)	(15.2)	
Total employment	$73,482		

Note: Columns may not always add exactly to totals because of rounding.

Table 18. Classification of grants that generally strengthen higher education by all sample foundations, 1970

Categories of general strengthening	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Research, programs, & information dissemination	$28,598	40.4%	$196
Curriculum, faculty development, & testing	(8,312)	(29.1)	
Arts & humanities	—		
Social sciences	500		
Life & physical sciences	23		
Professions	3,897		
Other	3,892		
Student & student services & financial aid	(12,783)	(44.7)	
Student financial aid	11,143		
Other	1,640		
Management & leadership	(2,966)	(10.4)	
Management	1,208		
Leadership	195		
Other	1,562		
Other	(4,537)	(15.9)	
General support of representative or service associations	1,278	1.8	39
Other forms of general strengthening	40,956	57.8	163
Foreign campuses & other foreign higher-education activities	(40,943)		
Other	(13)	(0.0)	
Total general strengthening	$70,832		
TOTAL, COMPLETE CLASSIFICATION OF GRANTS, 1970	$232,321		

Note: Columns may not always add exactly to totals because of rounding.

Table 19. Classification of sustenance grants at institutions of higher education by all sample foundations, 1974

Categories of sustenance	*Amount (thousands)*		*Percentage*	*Average grant size (thousands)*
Endowment—unrestricted, matching or broadly restricted	$ 1,376		5.7%	$106
Current operating—unrestricted or broadly restricted	12,537		52.0	35
Complete unrestricted	(10,629)		(84.8)	
Academic	(1,824)		(14.5)	
Arts & humanities		668		
Social sciences		—		
Life / physical sciences		253		
Professions		610		
Libraries		65		
Other		227		
Nonacademic	(84)		(0.7)	
Physical plant & equipment: replacement or renovation	6,188		25.7	132
Arts & humanities	(25)		(0.4)	
Social sciences	(–)			
Life & physical sciences	(1,050)		(17.0)	
Professions	(–)			
Libraries	(187)		(3.0)	
Other	(4,926)		(79.6)	
Student services	1,782		7.4	39
Student aid—unrestricted	(1,779)		(99.8)	
Other—operating	(3)		(0.2)	
Faculty support—unrestricted or replacement	640		2.7	160
Faculty endowment	(350)		(54.7)	
Operating	(290)		(45.3)	
Other forms of sustenance	1,590		6.6	114
Total sustenance	$24,113			

Note: Columns may not always add exactly to totals because of rounding.

Table 20. Classification of development grants at institutions of higher education by all sample foundations, 1974

Categories of development	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Curriculum & faculty development & evaluation	$34,299	38.9%	$133
Arts & humanities	(8,574)	(25.0)	
Social sciences	(108)	(0.3)	
Life & physical sciences	(1,140)	(3.3)	
Professions	(9,490)	(27.7)	
Other	(14,987)	(43.7)	
Physical plant & equipment: new or new purpose	22,639	25.7	149
Arts & humanities	(1,387)	(6.1)	
Social sciences	(200)	(0.9)	
Life & physical sciences	(556)	(2.5)	
Professions	(7,200)	(31.8)	
Libraries	(7,661)	(33.8)	
Other	(5,636)	(24.9)	
Student services—new	10,514	11.9	71
Financial aid	(6,896)	(65.6)	
Recruiting	(324)	(3.1)	
Counseling	(337)	(3.2)	
Other	(2,957)	(28.1)	
Management & comprehensive self-study	2,723	3.1	105
Other forms of development	18,021	20.4	151
Total development	$88,196		

Note: Columns may not always add exactly to totals because of rounding.

Table 21. Classification of employment grants at institutions of higher education by all sample foundations, 1974

Categories of employment	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Research programs & facilities & dissemination	$39,565	66.2%	$124
Applied public problem areas	(23,017)	(58.2)	
Health & medicine	7,747		
Population	3,516		
Energy	351		
Urban problems	156		
Natural environment & pollution	1,476		
International relations, peace, & other foreign problems	4,167		
Crime/justice	143		
Agriculture & food production	640		
Other domestic social or economic problems	4,820		
Specific problems of population subgroups	(619)	(1.6)	
Ethnic or racial minorities	5		
Women	195		
Youth	60		
Aging	—		
Other	359		
Basic research or other nonapplied problems not included above	(13,265)	(33.5)	
Arts & humanities	4,798		
Social sciences	3,873		
Life & physical sciences	2,370		
Professions	555		
Other	1,669		
Other research, unclassifiable above	(2,664)	(6.7)	

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Table 21 *(continued)*

Categories of employment	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Public services	$ 4,593	7.7%	$ 82
Instruction	(601)	(13.1)	
Capital & operating support for facilities	(766)	(16.7)	
Programs for public attendance	(408)	(8.9)	
Professional services programs for the general public	(2,733)	(59.5)	
Other	(84)	(1.8)	
Other forms of employment—not for general public	$15,601	26.1	86
Manpower development	(5,777)	(37.0)	
Professional services	(8,175)	(52.4)	
Other	(1,649)	(10.6)	
Total employment	$59,759		

Note: Columns may not always add exactly to totals because of rounding.

Table 22. Classification of grants that generally strengthen higher education by all sample foundations, 1974

Categories of general strengthening	*Amount (thousands)*	*Percentage*	*Average grant size (thousands)*
Research, programs, & information dissemination	$40,350	62.8%	$145
Curriculum, faculty development, testing	(9,296)	(23.0)	
Arts & humanities	1,218		
Social sciences	26		
Life & physical sciences	23		
Professions	736		
Other	7,293		
Student & student services & financial aid	(20,605)	(51.1)	
Student financial aid	18,688		
Other	1,917		
Management & leadership	(4,460)	(11.1)	
Management	2,801		
Leadership	809		
Other	850		
Other	(5,989)	(14.8)	
General support of representatives or service associations	1,975	3.1	30
Other forms of general strengthening	21,915	34.1	116
Foreign campuses & other foreign higher-education activities	(19,429)	(88.7)	
Other	(2,486)	(11.3)	
Total general strengthening	$64,239		
TOTAL, COMPLETE CLASSIFICATION OF GRANTS, 1974	$236,308		

Note: Columns may not always add exactly to totals because of rounding.

4

Foundation Reports

The Need for Better Reporting

Despite their universal grant-making activity, foundations have found it remarkably easy to restrain their philanthropic impulses in one important area: information about themselves. Most foundations publish no annual report, and many of the reports that are issued are of limited value. The need for improved reporting is one issue all critics and defenders of foundations agree on. It has become a standard recommendation of studies and reports on foundations and for at least a decade has been an often-repeated theme at the annual meetings of the Council on Foundations. These recommendations for more public reporting have had some effect: according to the latest count (Freeman, 1978), 465 foundations now issue public reports. This is a substantial improvement over a decade ago, when fewer than 200 foundations published reports; however, given the total number of foundations, the need for improved reporting can hardly be overstated. Its importance to an analysis such as this is, of course, basic. For that reason we have examined the status of reporting and provided our views as to what should be done.

Only 14 percent of the 2,818 foundations listed in the 1977 *Foundation Directory* published annual reports, and 26 percent of these are either community or company-sponsored

foundations. The most recent tabulation made by the Foundation Center shows there is a close correlation between the practice of publishing reports and the asset size of a foundation. Not surprisingly, only 5 percent of the foundations with assets under $1 million publish reports. Given the persistent efforts by members of the Council on Foundations to encourage better reporting, however, it is surprising that 21 percent of the foundations with assets over $100 million still do not do so (see Table 23).

Table 23. Foundations publishing annual reports

	Number of foundations	*Published annual reports*	
		Yes	*Percentage*
Asset category (millions)			
$100 and above	39	31	79%
$ 25-under 100	133	73	55
$ 10-under 25	228	82	36
$ 5-under 10	349	57	16
$ 1-under 5	1,638	122	7
$ Under 1	431	21	5
Total	2,818	386	
Type of foundation			
Community	72	53	74
Company-sponsored	462	46	10
Private (operating or nonoperating)	2,284	287	13
Total	2,818	386	
Geographical orientation			
Local	1,825	211	12
National or regional	993	175	18
Total	2,818	386	
AVERAGE, ALL FOUNDATIONS			14%

Note: Foundations are those listed in *The Foundation Directory*. "Annual Reports" includes multiyear published reports.

Source: The Foundation Directory, 6th ed. (Foundation Center, 1977, p. xv).

The lack of adequate information about what foundations do contributed to the suspicion generated by the 1969 congressional hearings. As a result, the Tax Reform Act passed that year increased foundation reporting requirements. The act required that a completed copy of IRS report 990-AR be made available to the public and that each year this availability be announced in a newspaper notice. The 990 form lists foundation finances and grants. It shows a list of grantees, the grant amounts, and sometimes a few words about the grant or its purpose. The listing is often so cryptic that its usefulness is quite limited. Surveys by the Council on Foundations reveal that about three-fourths of the foundations receive no requests by the public to see the forms; at the same time, foundation critics complain that not all foundations make the forms available to the public.

Good reporting is important for reasons far beyond those of accountability to the Internal Revenue Service. Applicants need ways of making their fund raising more efficient. Their needs are so great that a small industry has grown up around helping applicants communicate with foundations. Advertisements offering to sell information about foundation grants or policies in grant making appear routinely in the *Chronicle of Higher Education.* The Los-Angeles-based Grantsmanship Center is a flourishing organization whose publications provide information on where to apply and how. Marquis Publications, publishers of *Who's Who,* also published an *Annual Register of Grant Support* and a volume entitled *Grantmaking: Money and How To Get It.* This intermediation is required, in part, because foundations communicate so little about themselves.

Good foundation reports will reveal the future plans of foundations as well as their current activities. This invites readers to help foundations define a funding strategy. There are patterns in grant making, and applicants who are aware of them can be more effective both in seeking support and in trying to convince foundations to modify their priorities. A good foundation report informs applicants whether their projects are likely to be within the foundation's range of interest. As many foundation officers know, good reporting is also helpful to their internal administration. It reveals choices as well as underlying values. It also provides the data for internal review and external evaluation.

Weaknesses in Current Reports

Many foundations—including most of the big ones—publish annual reports that are generally good, but their quality and comprehensiveness vary widely. Often their descriptions of complex grants are very brief and too general to provide the reader with more than a hint of what the funded activities will be. It is rare for foundations to reveal the reasoning behind program priorities or to give the reader a sense of the types of grants the foundation includes within its scope of interest. This also makes it difficult for anyone, including foundation staff members, to see if the actual grants reflect the foundation's stated policy.

Members of the Council on Foundations submit grant descriptions to the Foundation Center for publication in the *Foundation News,* and individual foundations issue press releases and pamphlets. Some foundation reports do provide a statement of philosophy, the general criteria used in matching proposals to program interests, and occasionally an explanation of expected results from certain grants; but these are exceptions. It is appropriate to point out, however, that foundations are not unique in this regard. A 1979 survey of the annual reports of 100 major European multinational corporations showed that, while standards of disclosure are improving, many of their reports receive very low marks *(The Economist,* March 24, 1979, p. 106).

In short, the majority of foundations produce virtually no significant information about their activities; others produce annual reports, but they are often incomplete. This is not a new problem. In 1938, Ernest Hollis wrote, "A description of the relationship between foundations and higher education is beset with many difficulties. The primary and most persistent one is the unwillingness on the part of many foundations to be investigated" (Hollis, 1938, p. 8). Forty years later, Nason's study of foundations complains that a "passion for privacy still prevails" (Nason, 1977).

Elements of a Good Annual Report

In analyzing the annual reports considered for use in this study, we learned that their flaws are similar to those of corporate annual reports: the poor ones are vague, inflated, self-congratulatory, and incomplete. What a report should be depends, of

course, on its audience and intended use. Information is not free, and foundations, like universities or businesses, should not be expected to satisfy all appetites for accountability. (The Council on Foundations publishes a "how-to" handbook [Richman, 1973] designed to facilitate disclosure.

We prepared a checklist of 22 kinds of information which, in our judgment, would be included in a good annual report (see Figure 4); we then used the checklist to evaluate the 1974 higher education sections of the reports of the 29 foundations in this study. The checklist should be useful to anyone concerned with foundation grant policies (as distinct from, for example, financial position).

The 22 items in Figure 4 are listed under five headings: (1) identification of grantee; (2) amount and form of payment; (3) statement of grant purposes, intended activities, and expected outcomes; (4) general statement of the foundation's policies; and (5) the usefulness of the annual report format. Several of the items—name of grantee and location, for example—are so elementary that they may seem odd to all but those familiar with foundation annual reports. Other entries may seem to impose burdensome demands in terms of writing and exposing the foundation to evaluation—expected outcome or other grants in the field, for example. The best reports, however, do provide information of this type.

Identification of grantee. Most of the information required to identify a grantee can be found in almost all foundation reports. But given the thousands of institutions, colleges, forums, and arts centers that foundations support, the reader may have no idea what a grantee does unless additional information is provided. Not many readers would understand, without some description, the activities and goals of the American Council of Learned Societies, A Better Chance, Inc., Carnegie Institute, or Circle, Inc. All were grantees of foundations in this study.

Whether the grantee is a public or private institution is also not always obvious. The University of Pennsylvania is essentially (but not completely) a private institution; the University of Michigan is essentially (but not completely) public. Readers should be able to determine whether a given grantee has special

Figure 4. Essential elements of annual reports

A. IDENTIFICATION OF GRANTEE

1. Name of grantee
2. Location of grantee
3. Type of grantee, e.g., two-year college, consortium, higher education support organization, foundation's own program, individual (Reference: grantee list)
4. Control of grantee (public or private)
5. Special characteristics of grantee, e.g., ethnic, religious

B. AMOUNT AND FORM OF PAYMENT

6. Amount of new authorization or payment
7. Separate identifications of new authorizations, payments (and previous authorizations)
8. Duration of grant (in years)
9. Mode of grant, e.g., matching, program-related investment, foundation's own program

C. STATEMENT OF GRANT PURPOSES, INTENDED ACTIVITIES, AND EXPECTED OUTCOMES

10. Clarity of overall text, e.g., absence of jargon, ambiguity, pretentiousness
11. Comprehensiveness (scope of activities covered)
12. Depth of grant description itself (details of purpose, activities, expectations)
13. Outcomes expected from grant activities

D. GENERAL STATEMENT OF FOUNDATION'S POLICIES

14. Statement of foundation's policy that guides grant making
15. Reference to other grants in the field (its own or other foundations')
16. Indication of joint efforts with other funding sources
17. Indication of monitoring and evaluation efforts

E. USEFULNESS OF ANNUAL REPORT FORMAT

18. Grouping of all information relevant to grant (name, location, type, amount, some description)
19. Ease of transition from general statement of purpose or lengthy description of grants to brief listing of grants, e.g., alphabetical listing or programmatic grouping of grants the same in both sections or page provided
20. Organization of grants in programmatic field indicating how foundation classified grant purposes (in descriptions or listing of grants, if many grants are organized by program in at least one section)
21. Usefulness to general reader as well as researchers, e.g., nontechnical terminology, lack of ambiguity)
22. Improvement of reporting (1974 compared with 1970)

characteristics, such as serving a specific population group. Does the grantee's work have a local, regional, or national focus? Most foundation reports would be too cumbersome if complete descriptions of each grantee were provided, but readers should have access to some information on the grantee. It is not essential that foundations provide all of the information each year if summaries are available from time to time.

Amount and form of payment. The importance of identifying the amount and form of payment is obvious. Separating current payments from new authorizations identifies new directions and current philosophy; separating past, current, and projected expenditures identifies policy changes over time. Some foundation reports handle this in exemplary fashion. Yet, the fact that this type of information is of obvious importance to an annual report does not mean it will be included. The 1978–79 report of the Fund for the Improvement of Postsecondary Education describes 175 projects in 175 single-spaced pages, but nowhere does it mention the amount of any grant or any information on form of payment. In contrast, the Carnegie Corporation publishes a list of grants, excerpted from its annual report, which provides exactly the type of information referred to in this section.

Grant purposes, activities, expected outcomes. The two sets of criteria just noted (identification of grantee and amount and form of payment) are easily evaluated: the report either contains the information or it does not. But the heart of an annual report is its narrative portions, and here application of the criteria becomes more subjective. Explanations of purposes, activities, and expected outcomes are obviously important to the task of communicating the justification for and underlying philosophy of grant decisions. Good description is time consuming, but some foundations do it very well.

Foundation policies. For years, privacy was the salient characteristic of foundation decision making. Some still believe that the manner in which a given board reaches its decisions and spends its money is not of public concern. While total privacy

has been discredited in most places, total disclosure is not required, nor should it be. One strong advantage of private foundations is their independence and insulation from public pressure and regulation. They provide an alternative source of decisions that are less subject to the influence of current public opinion. Lack of policy definition also provides a foundation with a greater variety of opportunities from which to choose. Furthermore, the actual criteria for grant decisions are often very hard to define. Instinct, or, for the skeptic, the "old-boy" recommendation, is not the sort of criterion that shows favorably in print. There are, therefore, limits to the public benefit of totally open foundation decision making. The need for some privacy notwithstanding, foundations can improve reporting to the public without adding burdensome bulk or risk to their reports. Indeed, some reports show program objectives, types of grants made, whether applicants in certain locations are preferred—all designed to save potential applicants time in searching for likely donors.

Usefulness of format. A careful format makes the reader's task easier. So does some sensitivity to the trade-off between content and length. If the Ford Foundation were to devote a full paragraph to each of its grants, its annual report would reach the proportions of a large mail-order catalog. Not everyone will agree on the characteristics of a good format; for that reason we emphasize the "usefulness" of a format, a slightly less subjective evaluation.

Testing the Annual Reports

Each of the higher education sections of the 1974 annual reports in the study was tested for the elements in our checklist. Some of the elements were easy to identify; for others, subjective judgments had to be made. All of the judgments are ours; no additional independent evaluations of the reports were made.

The results should be read with the understanding that our judgments are based on only one aspect of the reports—higher education grants. The quality of reporting on these grants can probably be generalized to the entire report, but we have not

examined the other grants. The checklist weights all items equally, although they present different degrees of difficulty.

Most important, these reports had already been screened for usefulness in our study. Thus it should be clear that our ratings pertain to some of the best reports available, not a random selection. The bottom of our list would rank near the top of the total foundation sector.

Areas that need strength. Table 24 shows how many of the foundation reports contained each of 21 of the elements in our checklist. We used only the 1974 reports and therefore omitted the twenty-second item—improvement of reporting 1970 to 1974. The tabulation reveals the areas of foundation reporting that need to be strengthened.

For only one of the elements—mode of grant—did all 39 reports provide information. At the other extreme, only one report described the type of grantee. The weakest areas are those concerning identification of the grantee and the general statement of foundation purposes and policies. The records for the other three areas—those concerned with the form of payment, grant purposes, and usefulness of report format—are somewhat stronger. From two-thirds to three-fourths of the reports contained the elements in these sections of the checklist. We also identified each grant description that provided too little information or was unclear. In 12 annual reports, at least 20 percent of the grants were described inadequately.

Ranking the foundations. Figure 5 ranks the foundation reports as "excellent," "good," or "fair," derived as follows: Reports that contained 17 or more of the items on the checklist (or 16, with "outstanding" in one of them) were ranked "excellent." Those in the 12 to 16 range were ranked "good," and the remaining reports, whose scores were 8 to 11, were ranked "fair." The study sample was chosen from among foundations that publish reports with at least minimal information, so it is not surprising that most are above the "fair" level.

Most of the foundations in the sample met at least 16 of the 22 criteria. Even relative to our select group, however, a

Table 24. Number of foundation higher education reports in 1974 containing elements in Figure 4

Report element	*Number of report sections with element listed (total=39)*
Identification of grantee	
Name	38
Location	30
Type	1
Control	4
Special characteristics	8
Amount and form of payment	
Amount of new authorizations or payments	37
Separate identification of new authorizations, payments, and previous authorizations	20
Duration of grant	5
Mode of grant	39
Statement of grant purposes, intended activities, and expected outcomes	
Clarity of text	33
Comprehensiveness	33
Depth of grant description itself	19
Outcomes expected from grant activities	19
General statement of foundation's purposes	
Statement of grant-making policy	33
Reference to other grants in the field	18
Identification of joint effort with other funding sources	13
Indication of monitoring and evaluation efforts	11
Usefulness of annual report format	
Grouping of all information relevant to grant	34
Ease of moving from general statement of grant purposes to brief listing	33
Organization of grants in programmatic field	32
Usefulness to general readers as well as to researchers	11

Figure 5. Foundation higher education reports ranked by number of elements in figure 4

EXCELLENT[a]	
Bush Foundation	George Gund Foundation
Carnegie Corporation	John and Mary R. Markle Foundation
Commonwealth Foundation	Rockefeller Foundation
Danforth Foundation	Spencer Foundation
Ford Foundation	
Foundation for the Northwest	

GOOD[b]	
Atlantic Richfield Foundation	J.D.R. 3rd Fund
Boettcher Foundation	W. K. Kellogg Foundation
Cleveland Foundation	Kresge Foundation
Cummins Engine Foundation	A. W. Mellon Foundation
Arthur Vining Davis Foundations	Charles Stewart Mott Foundation
Duke Endowment	New York Community Trust
Samuel S. Fels Fund	San Francisco Foundation
Hartford Foundation for Permanent Giving	Sarah Mellon Scaife Foundation
James Irvine Foundation	Alfred P. Sloan Foundation
	Southern Education Foundation

FAIR[c]	
Alcoa Foundation	Charles A. Dana Foundation
Mary Reynolds Babcock Foundation	John A. Hartford Foundation
Morris and Gwendolyn Cafritz Foundation	Lilly Endowment
Committee of the Public Charity Fund (Boston)	Merck Company Foundation
	Pittsburgh Foundation
	U.S. Steel Foundation

[a]Excellent is 17 or more elements or 16 and outstanding in one area.

[b]Good is 12 to 16 elements.

[c]Fair is fewer than 12 elements.

number did poorly. Since the foundations in this sample are among the best known and best regarded in the nation, the reporting of the vast majority of foundations not in the sample is almost certainly worse.

A Concluding Comment

We emphasize again that this classification has nothing to do with the quality of grant making. It refers only to our judgments about the quality of information in the annual reports of 1974 about higher education grants of the 39 foundations in the study. Further, the reports ranked here are illustrative of the foundations that do publish reports. Since the majority of foundations publish no reports, all of these in the study are, by comparison, excellent indeed. However, our ranking shows that even the best reports could be made more useful if they were prepared with the interests reflected in the checklist in Figure 4.

Exhortation has encouraged improved reporting, but its results have been limited. Legal requirements may provide the information needed for tax purposes but are neither adequate nor appropriate bases for good reporting by foundations. It would be naive to expect that a checklist like the one presented here will induce many of the nonreporting foundations to change their habits, but it may help. At least it should assist foundations who do report to make available more useful information.

5

A Future Role for Foundations

As a means of defining a future higher education role for foundations, we began this study by examining what foundations were doing currently. This final chapter, drawing from data discussed earlier, summarizes these findings and presents our views in response to the three questions posed in chapter one.

What Are Foundations Doing in Higher Education?

Ignoring no aspect of the field. The dominant characteristic of foundation grants to higher education is the wide range of interests they reflect. Almost every conceivable aspect of higher education receives some attention in grant making. The distribution of grants may displease some grantees, but few can seriously claim that the aspect of higher education of most concern to them has been totally ignored.

The grants in the study sample of foundations show at least some support for endowment; physical plant; libraries, curriculum and faculty development in individual disciplines; management; student aid; faculty and student exchanges; and use of institutions for scientific research, public service, and manpower development. Further, although none turned up in our sample, we know from first-hand knowledge of foundation grants in support of athletics, dormitory living experiments, student career placement, and a kitchen for a faculty club.

It is no exaggeration to say that foundation interests in higher education are as diverse as higher education itself. These interests range from the loftiest levels of national policy to the most mundane details of managing an individual institution. This range of interests is suggested by the fact that about one-quarter of grant dollars are devoted to general strengthening of higher education; another 10 percent goes directly into institutional sustenance.

While diversity in grant making is evident, a single "foundation agenda" in higher education is not. There is a foundation sector, unified by its fairly homogeneous group of decision makers, by a widespread but not entirely shared approach to problems, and by a nearly (but not completely) defined network of individuals and information on which many foundations draw to make decisions. But the great number and geographical dispersion of foundations—together with a deep tradition of privateness, independent action, and to some extent, competition—guarantee diversity among them and make generalizations about their overall policies or effects hazardous. People who study foundations learn to be wary of sentences beginning "foundations are" or "foundations do" unless a subset of foundations is identified.

Emphasizing change. Among the great variety of items that interest foundations, development, that is, the improvement of institutions by change, is the most important. More than one-third of the grant funds analyzed here were for development purposes, and much of the general strengthening grants ultimately have developmental effects. The importance of this type of grant warrants the inference that the tradition of supporting innovation, which was established in the early part of this century, is being observed by the majority of the foundations in our sample. Institutions and grants with special characteristics (mostly associated with change in higher education) accounted for 20 percent of the 1974 grants in the study.

Deemphasizing research. Support in another traditional area, the employment of institutions for research, has declined markedly in the period observed here. The reduction in research

funding resulted in a large decline in support for research universities, over 40 percent of whose support is for employment purposes (it was over 50 percent in 1970). This decline in research funding in our sample appears to be a conscious policy choice—not an accidental result of the period chosen for study—although the reasons are not entirely clear. To some extent, the shift in priority reflects increased interest in institutional development. In part, it probably also reflects a decision to leave more research funding to public sources or other private sources.

The Havighurst, Holsinger, and Lunde study (1976) revealed that grantees have a marked preference for foundation support over federal support. Red tape and restrictions that go with federal funding are the major reasons. Late in 1978, several higher education associations formed a National Commission on Research to examine relationships between universities and the federal government and to recommend improvements. Even with an increase in the amount of federal research funding and a reduction in its complications, the decline in research funding by the foundations is a serious concern to researchers.

Applied research seems to be far more important to foundations than basic research, although the difference was smaller in 1970 than in 1974. Total sums both for applied and basic research grants were much smaller in 1974 than in 1970.

Continuing to provide sustenance grants. A surprising 10 percent of all grants in the 1974 sample were for sustenance, defined by our classification system as those used to operate the colleges' programs and maintain plant and equipment. Although it is commonly assumed that foundations are moving away from this type of grant, sustenance grants actually increased slightly from 1970 to 1974, from 9 percent to 10 percent. The distribution of sustenance grants is fairly similar for the two years: about 75 percent goes for current operations, plant, and equipment. The remainder is shared by a variety of sustenance purposes. Since sustenance grants are a higher priority of the corporate foundations and the smaller general-purpose foundations—foundations whose reporting is not as good as the larger

general-purpose foundations—it is quite possible that our sample results underestimate the overall magnitude of this type of grant.

Favoring private institutions. Foundation grant making clearly favors private over public institutions; the ratio in our data is two to one, a finding similar to that of the CFAE. This preference for private institutions holds true even among the prestigious major research universities. Private research universities receive 50 percent more grant funds than public. One reason for this is that public institutions receive almost no sustenance grants. But that is not the main reason. Private institutions also receive more than their public counterparts for employment purposes. The major research universities still receive the most money from foundations, with liberal arts colleges next. Among universities and liberal arts colleges, it is the smaller number of highly selective and best-known institutions that win the overwhelming majority of grants, although some foundations do prefer the less prestigious institutions. This funding reflects the foundations' interest in quality, although the relationship between prestige and quality is less than perfect.

Seeking flexibility. Overall, short-term, project-based seed money dominates the foundation approach to higher education. For many years now, foundations have recognized the decline of their dollar importance to higher education and have apparently sought to compensate for this diminishing leverage—hence the continued interest in "seed money" and "demonstration" projects. Many foundations, of course, do not follow these policies, and not all of the grants of foundations who do follow them are "seed" grants. Because foundations show a preference for the new and for ideas that can be replicated elsewhere, they also incline toward the support of projects that have a relatively short life-span and that presumably have the ability to command operating funds after the start-up period if they are successful. In short, they want their budgets to have as much annual flexibility as possible. And, of course, foundation officers want to exercise their own judgment in new program design. It could be

argued that the judgment made possible by this flexibility is being exercised rather cautiously: only one grant in the entire 1974 sample was directly concerned with the management of declining enrollments.

Supporting professions more than disciplines. Foundation support for the individual disciplines is uneven, but our sample of grants shows that after the life and physical sciences, the professions received the most support in the two years of this study, with humanities and social sciences following (in that order). The finding of greater interest in humanities than in social science contradicts conventional assumptions about foundation grant making. However, because smaller and family foundations are underrepresented in our sample, foundation interest in the humanities may be overstated.

Maintaining continuity in the foundation agenda. Although the record of foundation activities in our analysis may seem dull when compared with the history of foundations, there is considerable continuity in the attention foundations give to significant social or educational issues.

1. The Havighurst, Holsinger, and Lunde study (1976) shows that early foundation interests in medical education reform and research persist in many foundations, some of which—like the John A. Hartford in our sample or the Robert Wood Johnson or Kaiser Family foundations—are almost exclusively devoted to aspects of national health. Newer areas, such as child development or population control, are other health-related foundation interests that involve higher education.

2. Support of the private sector in higher education is as much a theme today as in the earliest years of foundations. Both for sustenance and development, the private institutions continue to receive a disproportionately large share of the foundation dollar.

3. Foundations' interest in general education—prominent between 1925 and 1947, according to Havighurst's research—was largely replaced with an interest in new subjects and new

students in the 1960s. Most recently, however, foundations have been helping institutions once again seek the appropriate common core of liberal education.

4. Foundations have long worked to increase minority access to education. Since late in the last century, foundation interest in black colleges has continued, though unevenly. Since World War II, foundations have emphasized access to graduate and professional education as they emphasized the undergraduate level in earlier years.

Improving disclosure—slowly. The record of foundation reporting has improved substantially in the past two decades. Measured by the job that remains to be done, however, the progress is very slow. Several salutary factors are at work: The Council on Foundations continues to seek improved reporting and is actively promoting methods to help make information available; the Tax Reform Act of 1969 has stimulated more interest in reporting; and some foundations have become exemplars in this neglected field. But a fair assessment of the overall record is that it is still poor.

Where Is Higher Education Grant Making Headed?

The current transition through declining growth to possible absolute decline in higher education is especially troublesome for its relationship with foundations, because it pits the foundations' short-term, innovative emphasis against strong movements to sustain existing programs within institutions. To some extent, foundations have probably contributed to the problems of institutions by supporting innovative programs in institutions that cannot afford them. As the serious effects of changing conditions in higher education are felt on campus, it is inevitable that college officials, concerned more with the survival of their existing programs, become critical of foundations that seem still to be committed to innovation and to adding new programs. Steady-state administrators are not looking primarily for seed money, even though some of their faculty members might be; rather, they are likely to seek funding that will avoid painful cuts in existing programs.

It is difficult to predict how this conflict between change-oriented foundations and stability-oriented institutions will evolve. From our grant data, our study of reports, and our less systematic observation of foundations in the years since 1974, we would cite three trends in higher education grant making.

Higher education an important but declining priority. Although higher education remains an important priority for the foundation sector, support has not kept pace with inflation and, as a result, total foundation grants are a declining share of total higher education expenditures. Our sample data show a decline in real terms in the 1974 grants compared with 1970. Fourteen of the 34 foundations for which we have both years' data increased their higher education support less than 25 percent, if at all. For our sample of foundations, the ratio of higher education grants to total grants declined from over 50 percent in 1970 to under 40 percent in 1974. Some larger foundations, notably Ford and Rockefeller, made especially large cuts in higher education authorizations. This decline in real spending affected research more than other grant purposes. Grants for development gained $21 million, which was about enough to keep pace with inflation but not to exceed it. Grant figures reported by CFAE (see Table 1) show that, in the four years between 1974 and 1978, grants to education rose 23 percent, but the consumer price index rose 27 percent over that same period. In 1977-1978, for the first time, grants for current purposes represented less than 1 percent of the share of the operating budgets of all colleges and universities.

Foundation giving has also declined relative to other sources of voluntary support of higher education. Recent CFAE data show that in 1977-1978, foundation giving was at an all-time low of 20 percent of the voluntary support of higher education; in the 1970-1974 period, foundation support was 25 percent.

Ironically, in a period of great need, a very productive patron of higher education is cutting back support. The reasons for this decline in foundation concern for higher education are not obvious. Of course, competition for grants is keener because

demands on foundations from many sources are growing. But a more subtle reason may be the transitional state of higher education and the lack of clarity about a foundation role. Retrenchment is less interesting than growth. If reform is the key to foundation motivation, then, in comparison with other fields, colleges seem to offer a less promising investment. Only through difficult, longer-term commitment is reform possible at a time of contraction. In the late 1960s, foundations responded to proposals that promised major reform and lasting benefit if only start-up costs could be covered. The yield was thin. Faced with this disappointment, foundation officers were not encouraged to do more. Whether or not reform is the objective being sought, the best ways to be helpful are not clear. Faced with confusion about their role in higher education, foundations are likely to look elsewhere. There are other interesting things to do.

Trying to do more with less. With their leverage weakened, and with public funds dominating a much larger higher education field, foundations have difficulty in responding to new conditions faced by higher education. Their skill in finding ways to do more with less will be put to a severe test. Some foundation officials believe that foundations will, during this period, reveal more leadership than they did during any time in the recent past by their successful manipulation of state and national policies.

Trustees and program officers are especially conscious of the need to find new ways to make their funds count. More than ever before, they are conscious of the need for budgetary flexibility as well as the need just noted, namely, to be more thoughtful about the points of intervention in higher education enterprises. One consequence can be seen in the data analyzed earlier. Foundations seem to be making shorter-term grants with smaller average amounts. Further, while the classification system does not reveal it, we know from interviews that some foundations have become especially careful not to acquire new permanent clients, and former permanent grantees are being eliminated. Some persist, but they are fewer than just a few

years ago. Foundations also demand to know in advance how "seeded" projects, if successful, will be maintained in the long term.

While shorter grant periods and smaller amounts increase flexibility, they also increase the amount of time institutions must devote to grant seeking. It can be argued that it is not the appropriate mission of staffed foundations to sustain the basic functions of institutions; indeed, this is hardly affordable even if it were wise. But foundations do place burdens on institutions when they shorten the period of program support.

One way foundations have sought to do more with less is in helping institutions broaden their base of support for programs. For example, the Bush Foundation has two major programs helping Minnesota colleges and private black colleges increase alumni giving. Other foundations try to involve corporations, because, as our data show, corporations are generally more disposed to make grants for sustenance than many foundations. In this regard, the Carnegie Corporation has been encouraging the identification of mutual interests among business corporations and foundations.

Another obvious way to do more with less is through joint action, thereby bringing more funds to bear on particular problems. While this will not increase total foundation giving, it does focus it on key targets. Even a decade ago, foundations were reluctant to enter into joint projects. Today many do, some almost routinely. A recent example is the formation of a foundations advisory group associated with the Council on Library Resources. The council required several million dollars to design a national, computer-based bibliographic system that will conserve scarce library resources. Staff from several major foundations were involved in the earliest stages of planning, and this participation enabled a clear understanding of the complex tasks required that could be presented to their respective boards. It also facilitated a pooling of resources to sustain the enterprise.

Of course, some grantees have won support from several foundations, but joint funding of individual projects is a relatively new and growing practice. In the 1978 annual report of

the Charles F. Kettering Foundation, the president noted the need for joint effort—not just among foundations but between public and private sectors and parts of each. He concludes, "The nature of power and effective leadership has been altered significantly by the growing interrelationship among different elements of our society. 'Clout' today is not the ability to go it alone, but rather to muster and support those who—working together—are able to get the job done; responsibility for the successful confrontation of critical issues must be broadly shared" (Chollar, 1978, p. 4). An excellent example of that point is the strong interest in increased sharing of effort between national and local foundations when their grants concern problems within the locality of the local foundations. At the 1977 annual meeting of the Council on Foundations, local foundations strongly urged the larger foundations to work with them (*Regional Reporter,* 1977, p. 15).

There is a new shift in roles brought about by the formation of funding partnerships. The National Endowment for the Humanities spends a considerable sum each year, much of which goes into higher education. In many programs, a two-to-one match is required, thus reducing dependence on government dollars and broadening the funding base. For large NEH grants, colleges often have no choice but to seek foundation help in meeting the NEH match. In this case, foundations, once leaders of government, become followers.

The once highly regarded "demonstration project" has lost its cachet. Most foundations seem to feel that, if money is to be spent, the project must do more than simply demonstrate what can be done. Project designers are asked to show not only whether success can be shared but also how it can be shared. Too often, the claim that a demonstration is a model for others has proven false. This reduced confidence in demonstration has therefore resulted in greater emphasis on the viability of dissemination.

Another way to do more with less is to influence federal policy. Foundations in 1979 feel freer of governmental threat than at any time in the past decade. Foundation leaders emphasize their freedom, and it seems likely they will use it to examine government policies (Pifer, 1975). They have certainly done

so in the case of higher education policy. The most significant analyses and criticisms of government activities in this field have been foundation supported. The Ford Foundation has been particularly successful in supporting a large number of effective projects and in leading a joint effort of six foundations that resulted in an excellent analysis of public policy toward research universities (Ford Foundation, 1978).

Along with the tendency of foundations to make smaller grants, there is a contrasting tendency to "wholesale" grants—to make large grants to other agencies that will redistribute them—another way to do more with less. This helps keep foundations' operating costs down, enables them to reach more institutions, and avoid difficult (often political) decisions. Examples are the fellowship programs of the American Council on Learned Societies and the Institute for the Study of World Politics, the grants program of the Council on Library Resources, and the faculty science grants from Research Corporation. There is increased grant making to so-called umbrella organizations (associations of institutions or specialists within institutions) in an effort to spread the value of grants over more organizations.

There is also more effort to evaluate and disseminate results. While evaluation is not yet a highly developed field, more of it is being done; as revealed by the great response stimulated by the Ford Foundation publication, *A Foundation Goes to School* (1972), the results of evaluations of its school funding programs.

Increasing professionalism and bureaucracy in grant making. Important changes are occurring in the style of grant making—changes not reflected in the grants analysis. Among the professionally managed foundations (perhaps 5 to 10 percent of all foundations), there are important signs of far greater sensitivity in grant making reflecting the new conditions in both higher education and foundations.

The most obvious evidence of this development is the introspection noted at the outset of this study. Not only are foundation officers concerned about identifying the foundation role; many are also sharing those concerns with the public and with potential grantees. The products of this introspection and

examination range widely, and they emphasize all fields of grant making. Yet the concerns are applicable to all areas of interest, as the titles of recent publications suggest: *The Future of Foundations,* a round-table discussion by presidents of major foundations and analysts of foundations *(Change* Magazine, 1978); the small helpful volume by John M. Russell, *Giving and Taking: Across the Foundation Desk* (1977), aimed at improving the grant-making process; and the conference sponsored by the National Chamber Foundation, *What Direction? Corporate Philanthropy* (1977), which brings to open debate the issue of using philanthropy to support a point of view.

In the past few years, the Council on Foundations has made several efforts to help foundations be more sensitive to public needs. The *Foundation News,* a major journal of the council, has become more heavily devoted to issues of management improvement. The council has also published handbooks, such as its well-known *Public Information Handbook for Foundations* (Richman, 1973). Under council leadership, 11 foundations sponsored a major study of foundation trustees and trusteeship (Nason, 1977), whose main conclusion stresses the need for management with "sensitivity and a genuine concern for the common good." This important volume was made the focus of discussion at the annual convention of the council's members in 1977 and at a number of regional meetings around the country.

To be sure, not all of this introspection is self-generated. In addition to the congressional pressures noted earlier, a small consumer movement, not unlike that in other fields, has emerged in the philanthropic sector. The Commission on Private Philanthropy and Public Needs, known as the Filer Commission, actively sought the views of what it called "donee groups" who raised difficult questions. Their critical efforts have been continued by groups like the Committee for Responsive Philanthropy, whose San Francisco Bay Area members recently released the results of a year-long study critical of foundations for, among other things, their secrecy and their inaccessibility (Ludlow, 1979).

While we have no accurate measure of the effect of these developments on actual grant making, there is evidence that grant making is changing, that it is less inclined to those practices that prompted criticisms such as: foundations are too heavily influenced by fads; they lack imagination; they are too conservative; and they use their funds to seduce institutions to do things they otherwise might not or actually to change institutional priorities.

As a test of these impressions, in 1975 we sent a brief questionnaire to the presidents of 41 higher-education institutions who had cooperated with the earlier Carnegie Commission study, *The New Depression in Higher Education* (Cheit, 1971), asking for confidential statements of their problems, if any, with foundation grants. The responses indicate considerable agreement that these traditional criticisms of foundations are not valid. While the survey results do not confirm the stereotype, Clark Kerr (1977), a knowledgeable insider, still sees signs that foundations are attracted to fads and are also too willing to make "safe" grants.

Clearly, many foundations still prefer to finance change, but from our recent observations and interviews with foundation officers, we also know that in the past two years they are increasingly disappointed with the results of many development grants. Many programs that were supported because they appeared promising in the past decade do not appear to be succeeding. While the data from this study show that development grants are of key importance, we believe that—in part because of disappointment with the past grants, and probably because foundations have become more responsive to the changed conditions in higher education—grants for new programs are losing some of their luster.

That professionally managed foundations should be responsive to the changing conditions in higher education is, of course, not surprising. Historically they have always been future oriented and the most sophisticated source of higher education support. The major themes in their giving have reflected the changes in the emerging concerns in the larger society. Thus, as

we noted, there is evidence of their trying to work toward a "steady state." For example, program officers tell us they usually require applicants to demonstrate how pilot projects, if successful, can be funded in the long term. Financial condition is rarely taken for granted in proposal reviews.

Professionalism and the desire to be responsive also invite bureaucracy. Foundations wanting a fair and comprehensive program must rely on more documentation, outside advisory committees, and in some cases more extensive internal evaluations. This inevitably adds formality to the decision process which, paradoxically, can reduce responsiveness. "Wholesaling," despite its other appeals, also reduces the responsiveness of the whole system because there are fewer doors to knock on. Finally, professionalism may imply less money for unusual ideas: reliance on networks of expert information rather than on instinct probably increases the conventionality of approved requests.

Can Foundations Play an Important Role in the Future of Higher Education?

The most significant changes in higher education since World War II, when the list of major foundation accomplishments becomes thin, have been primarily public undertakings. The dramatic expansion of access—begun inadvertently as a measure to reduce unemployment of returning veterans—was implemented largely, though not entirely, by public institutions. Private money helped by providing models of affirmative action or new curricula.

The federal government now has its own foundations. The assumption that guided many foundations—that private colleges lead the public or that the elite lead the non-elite—is no longer necessarily valid. And historians will note, as we did, the foundations' failure to foresee and ease the difficult transition from growth to steady-state conditions. For all these reasons, future evaluations of foundation contributions to higher education will likely be less admiring than they have been.

Clark Kerr (1977) concludes that, even though foundations produce only about 1 percent of the current income of colleges

and universities, given the distinctive functions they can perform, this 1 percent—if it were withdrawn—would have greater adverse effect than any other 1 percent. We concur, but we do not believe that the importance of foundations to higher education implied in this judgment will be maintained automatically. If foundations are to have an important future role, in our judgment, they must take several steps:

Developing a strategy. In his important study *Trustees and the Future of Foundations,* Nason (1977) emphasizes that a key difference between individual giving and foundation philanthropy is that the latter provides the opportunity for systematic giving, unlike the year-to-year gifts of individuals. Foundations have continuity and stability, Nason emphasizes, and these "make possible the planning of a carefully thought-out program."

But such a strategy does not come automatically or even easily. The development of a strategy requires careful review of the field of higher education and a thoughtful determination of where the foundation can make its appropriate choices for support. It requires identifying all options, including "risky" or unconventional grants, which make substantial commitments of resources but do not reflect an overall foundation strategy.

A program strategy has many advantages for both foundation and grant seeker. It provides a reference for internal consistency; it gives both foundation staff and board a reference for evaluating impact. A strategy sets goals and provides for a longer-term commitment to them, if evaluation shows it is warranted. The development of a strategy also requires continuing review and evaluation of grants to determine the effectiveness of individual choices and to reassess the utility of the strategy.

Encouraging and strengthening inner direction. In an important article on the forces shaping higher education, Ashby (1973) identified three main forces: patrons, private and public; the market, reflected primarily in student choices; and inner direction, usually given voice through faculty and administrative

leadership. All three were important during the past decade, when higher education grew very rapidly. Because of sharp growth there was relatively little friction between the three forces: growth could accommodate differences. But with the onset of declining growth, market and patron forces have become much stronger, and inner direction appears relatively weaker. It had already been weakened during the period of rapid growth, which made it easy for faculties to pursue their own interests. Student protest against liberal arts requirements and for independent study accelerated this weakening of inner direction. As a result (so it is often argued) the coherence of the curriculum suffered. The internal sense of direction and priorities of many institutions became unclear or hard to articulate. Inner direction is needed today, when market and patron forces are ascending and shaping institutions. The federal policy of funding students (but not institutions) has accelerated the growing strength of market forces, while newer forms of federal and state regulation have increased patron control. Neither federal nor state policy offers comparable strength to inner direction.

The new alignment of forces has fostered a resurgence of ideological advice to private patrons—"give only to those institutions with a congenial point of view" or to those schools who promise to teach courses congenial to the patron. The ascendency of market forces has also led some institutions into a variety of questionable recruitment and academic practices.

All but a few favored colleges and universities are trying to respond to increased market and patron forces while trying to assert appropriate inner direction. Foundations can be helpful in this process not as a bulwark against market and patron forces, but to facilitate the development of inner direction about coherence in the curriculum, about the development of a sense of institutional priorities, and about the development of objectives. This development of inner direction implies that foundations carefully select grants and that they seek to avoid the old pitfalls of patron influence they are accused of, such as bullying or seducing institutions into innovation and so forth.

What is needed is help for the institutions to provide leadership about how to make institutions qualitatively strong at

times of reduced quantitative growth. That help could be expected from academic research. But thus far colleges and universities have been better at discovering and teaching methods of decision making than in applying them to their own circumstances. Partly, of course, this is due to their collegial forms of government and to their relative underadministration and consequent inability to apply methods that would facilitate their internal management.

Selectivity and recognizing superior achievement. The major goals of government—federal, state, and local—and the proper, basic role of government funds are access and equality of opportunity. Private philanthropic funds have been (and can be) directed much more selectively at qualitative goals rather than at access and equality.

For a long period, the goals of access and opportunity were so remote that foundations appropriately devoted a considerable part of their limited resources to helping the nation reach them. That job is by no means complete, but it has progressed enough so that, on grounds of relative impact, foundations can now play a more selective role than before.

Government foundations today, especially the Fund for Improvement of Postsecondary Education, are pressured to make grants to all parts of the country and all types of endeavors. Private philanthropic foundations do not face the same intensity of pressures and can again be more selective.

The goal of advancing superior achievement in all academic areas can provide support for students who have moved through special opportunity programs and are now ready for advanced training. This is an example of an area in which foundations are now active. There are opportunities for grants for merit in community colleges as well as in research universities, in public institutions as well as private, in student aid as well as in research.

Several factors support the view that foundations can play an important role in the future of higher education.

Public funds insufficient. If the federal government were to undertake, through expanded appropriations, the financing of all

functions now funded by foundations, would foundation grants be missed? We used this test of philanthropy in a paper prepared for the Commission on Public Philanthropy and Private Needs. In that paper we identified nine major functions that all private philanthropy (not just foundations) performs (Cheit and Lobman, 1976). We found that philanthropy

1. Provides basic support—in varying degree—to all private institutions;
2. Provides an important margin for the improvement of public institutions;
3. Supports both general and highly selective student-aid programs, reaching many students overlooked by or not eligible for adequate government-supported financial aid;
4. Supports innovation, risk, and longer-range programs of instruction, service, and research;
5. By its leverage effect, raises additional funds for education out of the national income;
6. Helps institutions retain some of their flexibility, diversity, and autonomy;
7. Supports government programs and purposes;
8. Provides a buffer against the adverse effects of sudden shifts in government funding; and
9. Allows and encourages broad citizen interest in higher education.

In that analysis we show (probabilities aside) that: if government chose to fund all functions now supported by private philanthropy it could provide basic support to what are now private institutions, but leveling pressures and competing priorities make it unlikely that public funds would provide a "margin of excellence" for publicly funded institutions; similar restraints would inhibit funding of a selective student-aid program; and research, innovation, and program development could be government supported.

Federal funds would not help retention of flexibility, diversity, and autonomy; nor could they be used to provide leverage for the government's own programs. The buffering role is theoretically possible, but the encouragement of broad citizen interest in the support of higher education would not be likely.

In short, public funds could not perform all of the functions now being performed by private funds. Among these functions that could not be performed are those best handled by foundations: maintenance of institutional flexibility, diversity, and autonomy; serving as an outside aid, critic, and stimulator of government itself; providing some stability in response to shifting government policy; rewarding merit; providing excellence in public institutions; and providing leverage in raising additional funds through broader citizen support.

Among all sources of private philanthropy, the philanthropic foundations have a special relationship to higher education which, as we noted at the outset, goes back through the history of higher education. With perhaps as many as half the foundations in some way involved in higher education, this means that there are several foundations for every higher education institution in the country. They are a special source of outside encouragement and can perform support functions that cannot be performed by other sources.

Foundation funds are growing. One main consequence of the so-called tax rebellion, the influence of which is being felt in most states and at the federal level, is a reduction in funds available for higher education. This is generally reflected in a reduced growth rate rather than an absolute reduction, but funds are no longer keeping pace with the consumer price index and thus represent an absolute reduction in real support. At the same time, foundation funds, particularly those of corporate and community foundations, are growing. Community foundations have not been a major source of education support, but, as our sample shows, they are a factor. While the rate of foundation growth is not enough to change the overall size of the foundation functions in higher education, it is probably enough to stabilize it, if foundations elect to do so.

Another hopeful sign is the likely probating of major industrial fortunes made during and after World War II. In the electronics industry, the Murdock, McDermott, and Hewlett foundations (based on Technitronics, Texas Instruments, and Hewlett-Packard, respectively) are important new foundations. The foundation created by the estate of insurance magnate John

MacArthur will be one of the very largest in the nation. If the federal tax provisions avoid greater disincentive to the creation of such foundations, higher education and the nonprofit sector as a whole can look forward to new sources of support.

Corporate philanthropy is also a growth area. The growth of corporate profits, greater pressure from major corporate leaders to increase giving, and the growing perception by corporations of the need for a social policy can be expected to improve both the size and thoughtfulness of corporate giving in the future.

Institutions the main concern of foundations. Institutional health—vitality and the ability to meet goals—is not the top priority of federal funds for higher education. Federal programs serve important public purposes of student access and opportunity and, to a lesser extent, institutional research capacity and various forms of specific public service. The Fund for the Improvement of Postsecondary Education does support curricular innovation. Institutional welfare, however, is generally assumed as a by-product or as the responsibility of the states. The states do assume primary responsibility for planning and funding colleges and universities, but they do so in the interest of a variety of state goals, not primarily for institutional health. This point has been vividly illustrated by the failure of the states to assert an interest on behalf of institutional autonomy in their states when federal higher education policy is made.

Foundations have by no means made institutions their only priority, but institutional health is clearly a higher foundation priority than it is with any other organized funder. To those not familiar with higher education, this point may not be immediately apparent. One illustration may help. When the National Center for Higher Education Management Systems began its work, it relied heavily on foundation funds, and its focus was on management problems of institutions. Soon after its early success, states began funding it, and the center's research projects emphasized the state. The center began working on methods for the states to ensure resource control and efficient allocation. The emphasis was not how to have institutions

achieve these objectives so that states could be satisfied with institutional performance; rather, the emphasis was on how to have states develop systems that would ensure institutional compliance with state goals. As federal funding became more important in the work of the center, attention shifted to finding ways to enable the federal government to collect, for all institutions, unit cost data that might be used in allocation decisions. In short, the client shifted to the federal interest.

Foundations, in serving their larger goals, have made institutional interest an important priority. At a time of increased pressure, complexity, and control, that foundation role is more important today than ever.

Higher education remains important. A final reason for predicting an important higher education role for foundations is the continued importance of higher education itself. With good reason, discussions of higher education today are dominated by concern over its declining growth and possible absolute decline. But the longer-term outlook for higher education is one of stability and continued importance to the nation. The growing complexity and interdependence of all of society's institutions will again focus attention on the importance of higher education. Colleges and universities have a unique capacity to develop the intellectual talent needed by the nation and to foster the continued learning and value formation whose importance is likely to rise. Higher education will again become that classic object of foundation interest, a target of opportunity.

Appendix A

The Classification System

We classified individual grants into detailed subcategories, which are shown below. In addition, each grant was identified by its special characteristics whenever possible. Several issues relevant to certain grants were also coded to permit separate analysis. Seven such issues were noted:

1. Improved access to higher education and opportunity for minority and low-income students (within programs—not general support of minority institutions)
2. Affirmative action for employers, including teaching and support staff
3. Improved access to higher education and opportunity for nontraditional, older students
4. Nontraditional classroom locations off-campus (not internships)
5. Nontraditional on-campus learning environments (more than curriculum involved)
6. Interdisciplinary activities or changes in academic structure
7. Assisting contraction or adjustment to financial stringency

Grants were also coded to indicate whether the description did not provide enough information or the purpose of a grant was unclear or unspecified.

Value and Limitations of the System

This system for classifying foundation grants to higher education has some characteristics in common with the CFAE survey and the Foundation Center grants index categories. Most of their categories are identifiable among the subcategories within each of the four grant types. Our classification system is more specific with respect to academic discipline and type of research. It also identifies more clearly the grantee type by using the Carnegie classification of institutions (Carnegie Commission on Higher Education, 1973) and focuses on several specific education issues. But the salient feature of this system is its four grant types, which provide a unified way of considering the effect of a grant on an institution. This classification system indicates the point of entry and initial impact of grants. Conventional categories of grant purposes are limited to the supported activity itself, thus inviting a piecemeal, project-oriented view of foundation impact on higher education.

Ernest Hollis, in the introduction to his valuable work, *Philanthropic Foundations and Higher Education* (1938), and at various points in the text, refers to the difficulty in quantifying and categorizing foundation grants. He also refers to the fact that Eduard Lindeman's pioneering work (1936) used an "arbitrary set of categories determined by considerable trial-and-error experimentation" (1938, p. 125). In the course of this study, we came to appreciate their difficulties. This category system has weaknesses: It requires practice to apply consistently; it is more dependent on detailed information for each grant than other systems; category judgments are more subjective when the grant descriptions are incomplete; and finally, compared with other systems, it is more detailed, with dozens of grant, grantee, and foundation categories.

Our hope is that individual foundations will use this system as a means of analyzing their grants. Of course, one must be careful to differentiate first-order effects from second-order effects and actual impact. Because money is a fungible good, grants for development may have second-order sustenance effects, and unrestricted funds classified as sustenance can easily

help support development. Our classification system analyzes foundation contributions in terms of intention and initial effect at the point of entry into the higher-education system and no more. Concealed or multiple purposes, incomplete or misleading grant descriptions, and the fungibility of money in institutions preclude additional use of data based on the grant descriptions in annual reports.

The difficulties in applying the classification system can be, in large measure, remedied with additional applications over time. Certainly individual foundations that might use this system will have adequate knowledge of their own grants so that use of the classification system will be easy. And to the extent that reporting of grants is influenced by the system, aggregation of different foundations' grants should also be easier.

The Grant Classification System

TYPE 1. SUSTAINING INDIVIDUAL INSTITUTIONS AND MULTICAMPUS SYSTEMS

Endowment—unrestricted, matching, or broadly restricted (by institutional subunit)

Current operating—unrestricted or broadly restricted

Current operating—completely unrestricted

Current operating—academic

Arts and humanities (including history, biographies)[a]

Social sciences (including psychology, child development)

Life and physical sciences (including mathematics)

Professions (and other useful arts, including architecture, theology, social welfare, agriculture, accounting)

[a]These academic department categories are used identically elsewhere in the system, although the parenthetic explanations are not repeated.

Libraries (and "other," including liberal arts, interdisciplinary studies)[b]

Current operating—nonacademic (not included below)

Physical plant and equipment: replacement or renovation

Arts and humanities
Social sciences
Life and physical sciences
Professions
Libraries
Other

Student services

Student aid—unrestricted
Other student services, operating (including student health or counseling centers)

Faculty support—unrestricted

Faculty endowment
Faculty support, operating

Other forms of sustenance (including unspecified or unclassifiable but within category; more than one of the above)

TYPE 2. DEVELOPING INDIVIDUAL INSTITUTIONS AND MULTICAMPUS SYSTEMS

Curriculum and faculty development and evaluation (including faculty endowment by department or subject area)

Arts and humanities
Social sciences
Life and physical sciences
Professions
Other (including comprehensive curriculum evaluation)

[b]Throughout, the "other" category includes unclassifiable and more than one in the subcategory.

TYPE 2. DEVELOPING INDIVIDUAL INSTITUTIONS AND MULTICAMPUS SYSTEMS (continued)

Physical plant and equipment: new or new purposes

- Arts and humanities
- Social sciences
- Life and physical sciences
- Professions
- Libraries
- Other

Student services—new

- Financial aid (including all nonresearch fellowships and other financial aid restricted by program or type of student)
- Recruiting
- Counseling
- Other (including remedial curriculum)

Management and comprehensive self-study (including budget or comprehensive planning; resource allocation, not strictly curriculum evaluation)

Other forms of development (including limited joint ventures with other colleges or secondary schools; insufficiently defined development activities, mixed development and employment)

TYPE 3. EMPLOYING INSTITUTIONAL RESOURCES TO WORK ON SPECIFIED PROBLEMS (excluding higher education)

Research programs and facilities and dissemination of results

Applied public problem areas

- Health and medicine
- Population

- Energy
- Urban problems
- Natural environment and pollution
- International relations, peace, and other foreign problems
- Crime/justice
- Agriculture and food production
- Other domestic, social, or economic problems (including welfare, inflation)

Specific problems of population subgroups

- Ethnic or racial minorities
- Women
- Youth
- Aging
- Other

Basic research or other nonapplied problem areas not included above

- Arts and humanities
- Social sciences
- Life and physical sciences
- Professions
- Other

Other research unclassifiable above (including unspecified research endowments)

Public Services

Instruction (nondegree, nonmanpower, including audit extensions)

Capital and operating support for facilities (including performing arts centers, museums)

Programs for public attendance (including artistic, athletics, other cultural)

Professional service programs for the general public (including legal; medical by school, not hospitals)

Other (including drug programs, films for public use)

TYPE 3. EMPLOYING INSTITUTIONAL RESOURCES TO WORK ON SPECIFIED PROBLEMS (continued)

Other forms of employment—not for general public

- Manpower development (with specific job objectives, including nondegree students' programs pregraduation internships with a nonresearch and specific job focus)
- Professional services (client oriented, including consulting, technical assistance to school districts)
- Other (including non-higher-education conferences and workshops, publication or magazines, films for trade and professional use)

TYPE 4. GENERAL STRENGTHENING OF HIGHER EDUCATION

Research, programs, and information dissemination (by higher education institutions and others)

- Curriculum, faculty development, and testing
  - Arts and humanities
  - Social sciences
  - Life and physical sciences
  - Professions
  - Other
- Student and student services and financial aid
  - Student financial aid (noninstitution based)
  - Other
- Management and leadership
  - Management (operations research, collective bargaining)
  - Leadership (training programs, not research, for deans, presidents, etc.)
  - Other
- Other

General support of representative or service associations (no specific activities)

Other forms of general strengthening

Foreign campuses and other foreign higher education activities

Other (including public relations)

Appendix B

Analysis of Higher Education Grants Made by Individual Foundations

Table B-1 shows the relative proportion of sustenance, development, employment, and general strengthening grants made by each of the sample foundations in both 1970 and 1974. Only a few foundations—notably the Kresge Foundation, the Foundation for the Northwest, the Commonwealth Fund, the Arthur Vining Davis Foundations, the Mary Reynolds Babcock Foundation, the Cleveland Foundation, and the San Francisco Foundation—show marked differences in proportions of grant types in those years.

Allocations by Type of Institution

In Chapter 3 we showed how the grant funds in the sample were allocated among 15 categories of grantees. Those categories are shown in Table B-2, which reveals the choices of individual foundations. The general-purpose foundations have the broadest range of interests—most of them giving grants to at least nine of the different grantee/recipient categories—while most of the community and some of the corporate foundations were

more limited in their scope. Most foundations in the sample preferred research universities to other types of institutions.

Among those preferring liberal arts colleges, the Kresge, Charles A. Dana, Arthur Vining Davis, Mary Reynolds Babcock, Southern Education, and Pittsburgh foundations devoted the largest share, over 35 percent of their total grants. While most foundations prefer the elite universities and colleges, the Lilly, Arthur Vining Davis, Mary Reynolds Babcock, and Pittsburgh foundations emphasized the less prestigious schools.

The Carnegie Corporation leads several general-purpose foundations that showed a sizable interest in the relatively few higher education organizations.

Many foundations provide money for individual students and researchers, although most do so via other organizations rather than managing the selection process themselves. We note that a substantial number of the grants from several foundations went to institutions we were unable to classify. This may, in some cases, indicate a preference for new or innovative institutions. Most foundations give no grants at all to state systems.

Allocations by Academic Discipline

The diversity of foundation interests is further revealed when grants are analyzed by the academic disciplines they finance: arts and humanities, social sciences, life and physical sciences, the professions, and a category ("other") comprised of discipline-oriented grants that did not fit into one single discipline category (see Table B-3). The totals for each discipline in the table were computed by adding the relevant subtotals from the curriculum and physical plants categories under sustenance and development; the relevant basic research subcategory under employment; and the relevant curriculum, faculty development, and testing subcategory under general strengthening.

Several foundations—notably Rockefeller, Kellogg, Kresge, Sloan, and the Commonwealth Fund—have strong interests in development of the professions. Among the few foundations with a major interest in the humanities in higher education are the Mellon, Kresge, Lilly, and J.D.R. 3rd foundations. A very few foundations provide almost all the foundation support in our sample for particular academic disciplines—Mellon for arts

Table B-1. Percentage allocation of higher education grants among grant types by foundation, 1970 and 1974

	Sustenance		*Development*		*Employment*		*General strengthening*	
Foundation	*1970*	*1974*	*1970*	*1974*	*1970*	*1974*	*1970*	*1974*
Ford Foundation	0.0%	0.0%	28.0%	22.3%	28.1%	32.6%	43.9%	45.1%
Rockefeller Foundation	0.5	1.8	9.8	8.9	56.6	54.5	33.2	34.8
A. W. Mellon Foundation	33.4	5.8	57.4	66.9	5.0	14.8	4.2	12.5
Kresge Foundation	6.3	22.4	82.0	71.9	9.9	5.7	1.8	0.1
W. K. Kellogg Foundation	0.0	0.0	53.0	51.4	20.4	24.1	26.6	24.6
Carnegie Corporation	0.0	0.1	24.3	29.8	13.9	31.3	61.8	38.7
Charles Steward Mott Foundation	0.0	36.9	8.9	9.8	88.4	53.3	2.6	0.0
Lilly Endowment	41.0	3.4	48.4	43.6	3.5	19.7	7.1	33.3
Alfred P. Sloan Foundation	1.3	2.0	66.6	62.8	26.3	25.1	5.9	10.1
Duke Endowment	90.7	88.5	7.9	10.1	1.2	1.2	0.1	0.2
John A. Hartford Foundation	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0
Bush Foundation	16.2	15.0	43.2	52.2	11.0	1.8	29.6	31.1
Foundation for the Northwest	0.0	3.0	42.2	77.7	45.4	13.6	12.3	5.7
Sarah Mellon Scaife Foundation	3.0	4.8	82.9	66.6	5.4	24.9	8.7	3.6
James Irvine Foundation	7.0	19.1	82.4	66.4	0.0	0.0	10.6	14.5
Commonwealth Fund	0.0	0.0	30.8	66.5	54.9	21.9	14.3	11.5
Spencer Foundation	0.0	0.0	0.0	0.0	100.0	90.0	0.0	10.0
Charles A. Dana Foundation	32.3	76.9	52.3	1.5	0.0	21.5	15.4	0.0
Boettcher Foundation	62.0	47.1	34.7	29.7	0.9	23.2	2.4	0.0
Arthur Vining Davis Foundations	88.4	26.7	11.6	58.6	0.0	0.5	0.0	14.2
John & Mary R. Markle Foundation	0.0	0.0	28.5	25.2	68.3	72.0	3.2	2.8
George Gund Foundation	6.6	31.0	38.4	13.5	10.2	44.3	44.9	11.2
Danforth Foundation	0.0	0.0	2.0	8.7	2.0	6.5	96.0	84.8
Mary Reynolds Babcock Foundation	69.4	11.3	24.9	67.3	1.3	21.2	4.4	0.2

Morris & Gwendolyn Cafritz Foundation	1.2	38.5	37.9	39.2	15.1	13.5	45.8	8.9
Samuel S. Fels Fund	0.0	0.6	1.6	7.5	93.5	90.3	4.9	1.7
Southern Education Foundation	–	21.2	–	50.0	–	5.9	–	22.9
J.D.R. 3rd Fund	–	0.0	–	2.5	–	2.2	–	95.3
AVERAGE, GENERAL-PURPOSE FOUNDATIONS	8.6	9.1	28.8	38.0	31.8	26.2	30.8	26.5
New York Community Trust	53.1	79.7	7.8	3.4	7.9	6.3	31.2	10.6
Cleveland Foundation	44.5	13.8	27.1	46.6	19.3	23.0	9.1	16.6
San Francisco Foundation	40.0	14.3	18.9	76.8	39.0	2.2	2.2	6.6
Committee of the Permanent Charity Fund (Boston)	0.0	0.0	86.6	81.4	13.4	13.4	0.0	5.2
Pittsburgh Foundation	98.3	83.1	0.0	8.3	0.5	5.8	1.2	2.8
Hartford Foundation for Public Giving	0.0	71.2	100.0	17.4	0.0	0.0	0.0	11.4
AVERAGE, COMMUNITY FOUNDATIONS	39.0	38.3	34.2	39.2	18.1	11.4	8.7	11.2
Alcoa Foundation	–	0.0	–	0.0	–	0.0	–	100.0
U.S. Steel Foundation	–	0.0	–	0.0	–	5.1	–	94.9
Cummins Engine Foundation	–	4.8	–	12.7	–	19.9	–	62.6
Merck Foundation	–	20.1	–	54.3	–	0.2	–	25.4
Atlantic Richfield Foundation	–	74.6	–	3.6	–	0.1	–	21.7
AVERAGE, CORPORATE FOUNDATIONS		19.2		11.4		1.5		67.9
AVERAGE, ALL FOUNDATIONS	9.0%	10.2%	28.9%	37.3%	31.6%	25.3%	30.5%	27.2%

Table B-2. Percentage allocation of foundation grants among types of grantees, 1974

Foundation	*Various campuses*	*Consortia*	*State system*	*Research universities*	*Doctorate-granting universities*
Ford Foundation	0	7.8%	0	26.5%	4.6%
Rockefeller Foundation	2.9%	.1	0	41.2	3.6
A. W. Mellon Foundation	0	2.1	0	60.5	5.0
Kresge Foundation	0	0	0	25.0	5.0
W. K. Kellogg Foundation	11.2	2.6	0	32.4	9.1
Carnegie Corporation	0	3.9	.1%	40.4	5.2
Charles Stewart Mott Foundation	0	0	2.9	19.4	11.7
Lilly Endowment	2.2	3.8	6.7	12.8	10.7
Alfred P. Sloan Foundation	8.4	2.9	0	49.2	6.6
Duke Endowment	0	0	0	78.0	0
John A. Hartford Foundation	0	0	0	68.9	11.3
Bush Foundation	.1	1.1	0	44.2	0
Foundation for the Northwest	0	4.5	4.1	31.4	2.5
Sarah Mellon Scaife Foundation	0	0	0	47.9	36.3
James Irvine Foundation	10.4	8.3	0	0	0
Commonwealth Fund	0	0	0	84.4	0
Spencer Foundation	0	0	0	82.8	1.8
Charles A. Dana Foundation	0	0	0	18.5	12.3
Boettcher Foundation	0	0	0	17.7	12.2
Arthur Vining Davis Foundations	0	5.8	0	8.6	5.0
John & Mary R. Markle Foundation	0	0	0	59.7	16.5
George Gund Foundation	0	0	0	38.7	5.9
Danforth Foundation	3.2	0	.3	11.7	0
Mary Reynolds Babcock Foundation	0	10.1	0	13.2	0
Morris & Gwendolyn Cafritz Foundation	0	0	0	38.2	.8

Comprehensive colleges	*Highly selective liberal arts colleges*	*Other liberal arts*	*Two-year colleges*	*Special-purpose institutions*	*Unclassified institutions*	*Higher education organizations*	*Other organizations*	*Individuals*	*Foundations' own programs*
.3%	1.5%	3.9%	0	4.5%	19.2%	11.3%	9.8%	9.7%	1.0%
2.5	.8	4.2	0	.6	7.8	.1	2.9	33.3	0
8.8	6.6	1.1	0	.6	7.3	2.5	5.4	0	0
19.8	27.6	20.0	0	2.5	0	.1	0	0	0
9.5	.7	1.4	8.2%	.2	15.3	5.8	3.4	0	0
3.3	11.4	.3	3.5	.1	4.7	27.1	0	0	0
41.3	0	1.2	0	0	23.5	0	0	0	0
6.8	9.1	13.1	4.1	2.1	6.8	13.4	1.2	0	7.2
1.0	1.3	.1	1.1	4.1	3.2	8.8	.3	13.0	0
0	14.6	7.3	0	0	0	0	.2	0	0
2.2	0	0	0	17.6	0	0	0	0	0
0	14.7	8.8	0	0	0	8.0	.4	22.7	0
11.0	16.1	11.6	0	8.1	5.1	2.5	0	0	3.2
0	12.1	0	0	0	0	3.6	0	0	0
6.2	8.3	38.9	0	13.4	0	14.5	0	0	0
0	0	0	0	.3	0	2.5	3.7	10.2	0
10.9	.3	0	0	0	4.1	.2	0	0	0
23.4	19.7	15.4	0	10.8	0	0	0	0	0
1.1	17.0	.7	0	5.9	45.5	0	0	0	0
8.6	12.3	39.2	2.5	1.3	2.5	13.0	1.3	0	0
.6	.8	0	0	17.4	2.2	2.8	0	0	0
1.9	31.3	5.2	0	6.1	0	11.0	0	0	0
0	1.3	.4	0	3.8	23.7	.3	.8	37.0	17.4
3.4	13.4	48.0	12.0	0	0	0	0	0	0
0	12.2	1.5	0	19.1	19.1	9.2	0	0	0

(continued)

Table B-2 *(continued)*

Foundation	*Various campuses*	*Consortia*	*State system*	*Research universities*	*Doctorate-granting universities*
Samuel S. Fels Fund	0	0	0	88.8%	2.4%
Southern Education Foundation	0	1.1%	0	2.8	0
J.D.R. 3rd Fund	0	0	0	2.2	0
New York Community Trust	0	.1	0	31.7	3.8
Cleveland Foundation	0	0	0	45.8	0
San Francisco Foundation	1.7%	.1	4.0	6.7	0
Committee of the Permanent Charity Fund	0	0	0	69.0	0
Pittsburgh Foundation	0	0	.3	42.4	4.8
Hartford Foundation for Public Giving	0	0	0	18.9	0
Alcoa Foundation	55.2	0	0	0	0
U.S. Steel Foundation	50.8	0	0	0	0
Cummins Engine Foundation	10.7	0	0	32.1	.6
Merck Company Foundation	8.7	.2	0	38.5	7.3
Atlantic Richfield Foundation	5.4%	.4%	2.8%	54.0%	6.9%

Comprehensive colleges	*Highly selective liberal arts colleges*	*Other liberal arts*	*Two-year colleges*	*Special-purpose institutions*	*Unclassified institutions*	*Higher education organizations*	*Other organizations*	*Individuals*	*Foundations' own programs*
3.1%	2.0%	0	0	2.0%	0	.6%	1.2%	0	0
6.2	.6	41.2%	22.6%	2.8	0	7.9	14.7	0	0
0	2.5	0	0	0	1.2%	0	0	94.1%	0
2.5	6.0	19.5	2.5	18.7	4.5	9.5	1.2	0	0
16.1	.3	2.3	14.1	4.9	0	8.7	2.4	3.4	2.1%
.1	76.1	0	1.3	1.3	3.7	3.9	1.0	0	0
5.2	0	20.7	0	0	0	0	0	5.2	0
2.5	19.4	27.0	0	.3	.3	1.7	1.4	0	0
52.4	0	17.5	0	0	0	5.6	0	0	5.6%
0	0	0	0	0	0	0	0	44.8	0
0	0	0	0	0	0	49.2	0	0	0
0	1.3	3.1	0	0	1.3	17.0	1.9	32.1%	0
6.6	1.0	.4	0	10.4	11.3	15.5	0	0	0
6.4%	1.0%	2.4%	.6%	2.4%	3.0%	14.6%	.2%	0	0

Table B-3. Allocation of foundation grants among academic disciplines, 1974

Foundation	*Arts and humanities*	*Social sciences*	*Life and physical sciences*	*Professions*
Ford Foundation	$ 326,052	$1,124,696	$ 85,433	$ 459,855
Rockefeller Foundation	971,744	51,282	8,400	1,410,025
A. W. Mellon Foundation	11,456,000	0	15,000	150,000
Kresge Foundation	1,100,000	200,000	1,275,000	2,215,000
W. K. Kellogg Foundation	0	0	82,000	3,459,189
Carnegie Corporation	12,000	1,955,203	34,000	263,100
Charles Stewart Mott Foundation	0	0	0	13,000
Lilly Endowment	2,074,020	25,700	0	185,549
Alfred P. Sloan Foundation	18,250	26,970	3,246,871	1,956,700
Duke Endowment	4,000	0	0	40,000
John A. Hartford Foundation	0	0	0	0
Bush Foundation	5,551	0	0	0
Foundation for the Northwest	0	0	0	733,513
Sarah Mellon Scaife Foundation	0	0	0	100,000
James Irvine Foundation	52,000	0	350,000	99,000
Commonwealth Fund	0	0	23,700	5,998,914
Spencer Foundation	0	595,376	18,280	128,750
Charles A. Dana Foundation	0	0	0	0
Boettcher Foundation	15,000	0	0	2,400
Arthur Vining Davis Foundations	180,000	0	100,000	110,000

John & Mary R. Markle Foundation	0	218,000	0	81,000
George Gund Foundation	75,000	0	0	18,600
Danforth Foundation	0	0	0	300,000
Mary Reynolds Babcock Foundation	0	0	0	0
Morris & Gwendolyn Cafritz Foundation	50,000	0	0	0
Samuel S. Fels Fund	0	0	0	0
Southern Education Foundation	800	3,740	0	2,500
J.D.R. 3rd Fund	311,791	0	0	0
New York Community Trust	0	0	0	2,000
Cleveland Foundation	0	0	60,000	137,184
San Francisco Foundation	0	0	0	0
Committee of the Permanent Charity Fund (Boston)	0	0	0	15,000
Pittsburgh Foundation	0	0	0	0
Hartford Foundation for Public Giving	0	0	0	50,000
Alcoa Foundation	0	0	0	0
U.S. Steel Foundation	0	0	0	0
Cummins Engine Foundation	0	5,000	0	2,500
Merck Company Foundation	0	0	94,500	657,200
Atlantic Richfield Foundation	18,000	0	0	0
Total	$16,670,208	$4,205,967	$5,393,184	$18,590,979

and humanities, Kresge and Sloan for the life and physical sciences. The Ford, Carnegie, and Spencer foundations have the greatest commitment to the social sciences.

As Table B-3 shows, the smaller general-purpose foundations and the corporate and community foundations have little interest in disciplinary support. Exceptions are the J.D.R. 3rd, Cleveland, Hartford, and Merck foundations. Virtually all of the grants for disciplines made by these kinds of foundations, with the exception of the J.D.R. 3rd Fund, are either for the professions or in the "other" category. In fact, the greatest share of grant-making for disciplines is in the "other" category. Foundations clearly give considerable weight to activities that cross more than one of the four areas.

Allocations for Basic Research in the Disciplines

Basic research, as we saw in Chapter 3, is a declining priority for foundations. Table B-4 reveals that most of the basic research grants are made by a small number of foundations: Ford in all areas except for life and physical sciences; Mellon and Lilly and, to a lesser extent, Rockefeller in arts and humanities; Rockefeller and the Carnegie Corporation in social sciences; and Sloan in life and physical sciences. These six foundations are responsible for almost all basic-research grant making in the study. Community foundations make no basic research grants, nor, in general, do corporate foundations. Corporations, however, support a great deal of basic research on a contractual, rather than a philanthropic, basis.

Allocations for Physical Plant

"Bricks and mortar" is another relatively low priority among the foundations in our sample. Only about 8 percent of the total grants in higher education were devoted to renovation or building. The breakdown of physical plant grants by foundation in Table B-5 reveals that the Kresge Foundation alone provided about 50 percent of the $28.8 million in physical plant grants in the sample. The Commonwealth Fund provided another 17 percent. Eighteen foundations made no grants for physical plant and, of the remainder who did, not one provided as much

as 10 percent of what the Kresge and Commonwealth foundations did. Table B-5 also distinguishes sustenance from development in physical plant grant making. New building is preferred to renovation or replacement by a margin of more than 3 to 1.

Profiles of Individual Foundations

The classification system used in this study yields a general profile of grant policy for each foundation for the years studied. Space does not allow for a more detailed portrait of each foundation, so we have selected four foundations whose grants show them to be major supporters of development, employment, general strengthening, and sustenance. These summaries are based on higher education grants made in 1970 and 1974. Readers interested in the tabulations for each of the foundations will find them in the tables at the end of this appendix. Brief summaries of these tables are presented below.

The Andrew W. Mellon Foundation. The Andrew W. Mellon Foundation is development minded; only a small portion of its higher education resources are used for employment, general strengthening, or sustenance grants. Its predominant interests are arts and humanities, and most of the funding is used for curriculum and faculty development or basic research.

All of the Mellon Foundation's support to humanities goes to individual institutions. Most of its grants that generally strengthen higher education go abroad, with higher education management and non-campus-based student aid the principal domestic general strengthening activities. Tables B-6 and B-7 present the profile of grants made by the Mellon Foundation in 1970 and 1974.

The Spencer Foundation. The Spencer Foundation clearly prefers research, concentrating on basic research in the social sciences. As its profile in Tables B-8 and B-9 shows, no other form of employment, sustenance, or development is important to this foundation.

The Danforth Foundation. The Danforth Foundation is one of the two general-purpose foundations that make most of their higher education grants for general strengthening. As Tables B-10 and B-11 show, almost all of its resources are used

Table B–4. Allocation of foundation grants among categories of basic research, 1974

Foundation	*Arts and humanities*	*Social sciences*	*Life and physical sciences*	*Professions*	*Other*	*Total*
Ford Foundation	$ 141,196	$1,039,615	$ 0	$178,255	$ 887,525	$ 2,246,591
Rockefeller Foundation	892,844	51,282	0	116,000	15,000	1,075,126
A. W. Mellon Foundation	2,656,000	0	15,000	0	0	2,671,000
Kresge Foundation	0	0	0	115,000	0	115,000
W. K. Kellogg Foundation	0	0	0	18,520	0	18,520
Carnegie Corporation	12,000	1,955,203	0	0	341,655	2,303,858
Charles Stewart Mott Foundation	0	0	0	13,000	0	13,000
Lilly Endowment	1,080,000	700	0	0	425,000	1,505,700
Alfred P. Sloan Foundation	0	7,500	2,313,271	0	0	2,320,771
Duke Endowment	0	0	0	0	0	0
John A. Hartford Foundation	0	0	0	0	0	0
Bush Foundation	5,551	0	0	0	0	5,551
Foundation for the Northwest	0	0	0	9,530	0	9,530
Sarah Mellon Scaife Foundation	0	0	0	0	0	0
James Irvine Foundation	0	0	0	0	0	0
Commonwealth Fund	0	0	23,700	0	0	23,700
Spencer Foundation	0	595,376	18,280	104,500	0	718,156
Charles A. Dana Foundation	0	0	0	0	0	0
Boettcher Foundation	10,000	0	0	0	0	10,000
Arthur Vining Davis Foundations	0	0	0	0	0	0

John & Mary R. Markle Foundation	0	218,000	0	0	0	218,000
George Gund Foundation	0	0	0	0	0	0
Danforth Foundation	0	0	0	0	0	0
Mary Reynolds Babcock Foundation	0	0	0	0	0	0
Morris & Gwendolyn Cafritz Foundation	0	0	0	0	0	0
Samuel S. Fels Fund	0	0	0	0	0	0
Southern Education Foundation	800	0	0	0	0	800
J.D.R. 3rd Fund	0	0	0	0	0	0
New York Community Trust	0	0	0	0	0	0
Cleveland Foundation	0	0	0	0	0	0
San Francisco Foundation	0	0	0	0	0	0
Committee of the Permanent Charity Fund (Boston)	0	0	0	0	0	0
Pittsburgh Foundation	0	0	0	0	0	0
Hartford Foundation for Public Giving	0	0	0	0	0	0
Alcoa Foundation	0	0	0	0	0	0
U.S. Steel Foundation	0	0	0	0	0	0
Cummins Engine Foundation	0	5,000	0	0	0	5,000
Merck Company Foundation	0	0	0	0	0	0
Atlantic Richfield Foundation	0	0	0	0	0	0
Totals	$4,798,391	$3,872,676	$2,370,251	$554,805	$1,669,180	$13,265,303

Table B-5. Allocation of foundation grants among physical plant purposes, 1974

Foundation	*Sustenance*	*Development*	*Total physical plant*
Ford Foundation	$ 0	$ 0	$ 0
Rockefeller Foundation	0	0	0
A. W. Mellon Foundation	0	500,000	500,000
Kresge Foundation	3,615,000	11,590,000	15,205,000
W. K. Kellogg Foundation	0	1,579,000	1,579,000
Carnegie Corporation	0	0	0
Charles Stewart Mott Foundation	812,500	0	812,500
Lilly Endowment	448,000	447,727	895,727
Alfred P. Sloan Foundation	0	439,000	439,000
Duke Endowment	100,000	298,000	398,000
John A. Hartford Foundation	0	0	0
Bush Foundation	135,000	540,000	675,000
Foundation for the Northwest	0	410,575	410,575
Sarah Mellon Scaife Foundation	0	450,000	450,000
James Irvine Foundation	155,250	327,000	482,250
Commonwealth Fund	0	5,000,000	5,000,000
Spencer Foundation	0	0	0
Charles A. Dana Foundation	500,000	25,000	525,000
Boettcher Foundation	0	5,000	5,000
Arthur Vining Davis Foundations	220,000	795,000	1,015,000
John & Mary R. Markle Foundation	0	0	0
George Gund Foundation	50,000	50,000	100,000
Danforth Foundation	0	0	0
Mary Reynolds Babcock Foundation	0	5,000	5,000
Morris & Gwendolyn Cafritz Foundation	0	0	0
Samuel S. Fels Fund	0	0	0
Southern Education Foundation	0	63,500	63,500
J.D.R. 3rd Fund	0	0	0
New York Community Trust	0	0	0
Cleveland Foundation	2,000	110,000	112,000
San Francisco Foundation	0	4,489	4,489
Committee of the Permanent Charity Fund (Boston)	0	0	0
Pittsburgh Foundation	0	0	0
Hartford Foundation for Public Giving	150,000	0	150,000
Alcoa Foundation	0	0	0

Table B-5 *(continued)*

Foundation	*Sustenance*	*Development*	*Total physical plant*
U.S. Steel Foundation	$ 0	$ 0	$ 0
Cummins Engine Foundation	0	0	0
Merck Company Foundation	0	0	0
Atlantic Richfield Foundation	0	0	0
Totals	$6,187,750	$22,639,291	$28,827,041

for non-campus-based programs of curriculum, faculty development, and student aid.

The John A. Dana Foundation. The John A. Dana Foundation is one of two general-purpose foundations in our study with a strong predisposition for sustenance grants. These are divided almost equally between buildings not specified for use by a particular discipline and unrestricted campus-based student aid. A small amount was also made available for unrestricted faculty support (see Tables B-12 and B-13).

Diversity Reexamined

As we have seen, an analysis of grants made by individual foundations indicates that the "foundation sector" in higher education encompasses great diversity. Finding differences among foundations is, of course, not surprising, considering their large number and traditional independence. Such differences are usually discussed in terms of the programs they favor, for example, specializations in curriculum, professional education, education research, or college teaching. While such program differences are important, the striking differences in grant-making interests according to our classification system are within departments and disciplines in an institution of higher education. Differences in grant type preferences suggest the effect of foundations on institutions as a whole: To the extent that foundations favor one grant type over another, they contribute differentially to the stability—and vitality—of the colleges and universities.

Development grants are the most common, and it appears that the foundation sector's reputation for innovation is based on them. But development policies—that is, the policy of trying to change institutions—expose foundations to the criticism that they are undermining institutional priorities. At the same time that employment grants have helped to maintain institutional service to society, they have also diverted resources from other basic institutional activities. The institutional benefits of general strengthening grants are indirect and difficult to measure. (The implications of the grant-making policy as revealed by the grant data in our sample are discussed in Chapter 5.)

The grant type preference of individual foundations has a deeper significance than its preferences for individual projects. By focusing on program tastes alone, the literature and individual reporting by foundations have diverted attention from consideration of the effects of grants on institutions. It is difficult to determine the extent to which grant-making profiles of individual foundations are the result of deliberate policy. Is each grant carefully considered for its "fit" within the foundation's expressed fields of interest? Is there an overall policy that guides grant making? From our study of annual reports and of grant decisions, it does not appear to be so.

Table B-6. ANDREW W. MELLON FOUNDATION: Allocation of grants to higher education, 1970 and 1974

Grant category	*Amount 1970*	*Percentage 1970*	*Amount 1974*	*Percentage 1974*
Sustenance	$ 4,665,000	33.4%	$ 1,400,000	5.8%
Development	8,009,500	57.4	16,100,000	66.9
Employment	691,000	5.0	3,566,800	14.8
General strengthening	590,000	4.2	2,997,500	12.5
Total, all grants	$13,955,500		$24,064,300	

Table B-7. ANDREW W. MELLON FOUNDATION: Allocation of grants to higher education among grant categories, 1970 and 1974

Categories of sustenance	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Endowment—unrestricted, matching, or broadly restricted				$ 750,000	53.6%	
Current operating—unrestricted or broadly restricted						
Current operating—completely unrestricted						
Current operating—academic						
Arts and humanities	$ 25,000	0.5%		650,000	46.4	
Social sciences						
Life and physical sciences						
Professions						
Libraries						
Other						
Current operating—nonacademic						
Physical plant and equipment: replacement or renovation						
Arts and humanities						
Social sciences						
Life and physical sciences	200,000	4.3				
Professions	500,000	10.7				
Libraries	650,000	13.9				
Other	250,000	5.4				

(continued)

Table B-7 *(continued)*

Categories of sustenance *(continued)*	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Student services						
Student aid—unrestricted						
Other student services, operating						
Faculty support—unrestricted						
Faculty endowment						
Faculty support, operating	$3,000,000	64.3%				
Other forms of sustenance	40,000	0.9				
Total sustenance	$4,665,000		$212,045	$ 1,400,000		$466,667
Categories of development						
Curriculum and faculty development and evaluation						
Arts and humanities	$2,500,000	31.2%		$ 8,150,000	50.6%	
Social sciences	750,000	9.4				
Life and physical sciences						
Professions	200,000	2.5		150,000	0.9	
Other	420,000	5.2		4,200,000	26.1	

Physical plant and equipment: new or new purposes						
Arts and humanities	50,000	0.6				
Social sciences						
Life and physical sciences						
Professions	1,025,000	12.8				
Libraries	2,550,000	31.8		500,000	3.1	
Other						
Student services—new						
Financial aid	132,000	1.6		125,000	0.8	
Recruiting						
Counseling						
Other	300,000	3.7				
Management and comprehensive self-study						
Other forms of development	82,000	1.0		2,975,000	18.5	
Total development	$8,009,500		$364,068	$16,100,000		$519,355
Categories of employment						
Research programs and facilities and dissemination of results						
Applied public problem areas						
Health and medicine						
Population						
Energy				$120,000	3.4%	

(continued)

Table B-7 *(continued)*

Categories of employment *(continued)*	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Urban problems	$ 200,000	28.9%		$		
Natural environment and pollution						
International relations, peace, and other foreign problems				375,000	10.5	
Crime/justice						
Agriculture and food production						
Other domestic, social, or economic problems						
Specific problems of population subgroups						
Ethnic or racial minorities						
Women						
Youth						
Aging						
Other						
Basic research or other nonapplied problem areas not included above						
Arts and humanities	320,000	46.3		2,656,000	74.5	
Social sciences						
Life and physical sciences	5,000	0.7		15,000	0.4	
Professions	66,000	9.6				
Other						

Other research unclassifiable above				200,000	5.6	
Public services						
Instruction	100,000	14.5				
Capital and operating support for facilities						
Programs for public attendance				150,000	4.2	
Professional service programs for the general public						
Other						
Other forms of employment—not for general public						
Manpower development						
Professional services						
Other				50,800	1.4	
Total employment	$ 691,000		$115,167	$ 3,566,800		$396,311

Categories of general strengthening						
Research, programs, and information dissemination						
Curriculum, faculty development, and testing						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Other						

(continued)

Table B-7 *(continued)*

Categories of general strengthening *(continued)*	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Student and student services and financial aid						
Student financial aid	$ 100,000	16.9%		$ 360,000	12.0%	
Other						
Management and leadership						
Management				436,500	14.6	
Leadership	75,000	12.7		75,000	2.5	
Other				50,000	1.7	
Other	15,000	2.5		50,000	1.7	
General support of representative or service associations	400,000	67.8		276,000	9.2	
Other forms of general strengthening						
Foreign campuses and other foreign higher education activities				1,750,000	58.4	
Other						
Total general strengthening	$ 590,000		$118,000	$ 2,997,500		$230,577

Table B-8. SPENCER FOUNDATION: Allocation of grants to higher education, 1970 and 1974

Categories of grants	*Amount 1970*	*Percentage 1970*	*Amount 1974*	*Percentage 1974*
Sustenance	$ 0	0	$ 0	0
Development	0	0	0	0
Employment	450,000	100.0%	1,167,241	90.0%
General strengthening	0	0	129,250	10.0
Total, all grants	$450,000		$1,296,491	

Table B-9. SPENCER FOUNDATION: Allocation of grants to higher education among grant categories, 1970 and 1974

Categories of sustenance	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Total sustenance	$ 0			$ 0		
Categories of development						
Total development	$ 0			$ 0		
Categories of employment						
Research programs and facilities and dissemination of results						
Applied public problem areas						
Health and medicine						
Population						
Energy						
Urban problems						
Natural environment and pollution						
International relations, peace, and other foreign problems						
Crime/justice						
Agriculture and food production						
Other domestic, social, or economic problems				$ 179,085	15.3%	

Specific problems of population subgroups					
Ethnic or racial minorities					
Women					
Youth					
Aging					
Other					
Basic research or other nonapplied problem areas not included above					
Arts and humanities					
Social sciences				$ 595,376	51.0%
Life and physical sciences				18,280	1.6
Professions				104,500	9.0
Other					
Other research unclassifiable above	$ 450,000	100.0%		270,000	23.1
Public services					
Instruction					
Capital and operating support for facilities					
Programs for public attendance					
Professional service programs for the general public					
Other					
Other forms of employment—not for general public					
Manpower development					
Professional services					
Other					
Total employment	$ 450,000		$ 90,000	$ 1,167,241	$ 43,231

(continued)

Table B-9 *(continued)*

Categories of general strengthening	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Research, programs, and information dissemination						
Curriculum, faculty development, and testing						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions				$ 24,250	18.8%	
Other						
Student and student services and financial aid						
Student financial aid						
Other				2,000	1.5	
Management and leadership						
Management						
Leadership						
Other				50,000	38.7	
Other						
General support of representative or service associations						
Other forms of general strengthening						
Foreign campuses and other foreign higher education activities				53,000	41.0	
Other						
Total general strengthening	$ 0			$ 129,250		$ 21,542

Table B-10. THE DANFORTH FOUNDATION: Allocation of grants to higher education, 1970 and 1974

Categories of grants	*Amount 1970*	*Percentage 1970*	*Amount 1974*	*Percentage 1974*
Sustenance	$ 0	0	$ 0	0
Development	85,360	2.0%	683,700	8.7%
Employment	86,200	2.0	507,241	6.5
General strengthening	4,136,835	96.0	6,625,556	84.8
Total, all grants	$4,308,395		$7,816,497	

Table B-11. THE DANFORTH FOUNDATION: Allocation of grants to higher education among grant categories, 1970 and 1974

Categories of sustenance	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Total sustenance	$ 0			$ 0		
Categories of development						
Curriculum and faculty development and evaluation						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions	$ 7,115	8.3%		$ 300,000	43.9%	
Other	13,645	16.0		91,000	13.3	
Physical plant and equipment: new or new purposes						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Libraries						
Other						
Student services—new						
Financial aid						
Recruiting						
Counseling						
Other	63,000	73.8				

Management and comprehensive self-study						
Other forms of development	$ 1,600	1.9%		$ 292,700	42.8%	
Total development	$ 85,360		$ 12,194	$ 683,700		$ 75,967

Categories of employment

Research programs and facilities and dissemination of results

Applied public problem areas

Health and medicine
Population
Energy
Urban problems
Natural environment and pollution
International relations, peace, and other foreign problems
Crime/justice
Agriculture and food production
Other domestic, social, or economic problems

Specific problems of population subgroups

Ethnic or racial minorities
Women
Youth
Aging
Other

(continued)

Table B-11 *(continued)*

Categories of employment *(continued)*	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Basic research or other nonapplied problem areas not included above						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Other						
Other research unclassifiable above						
Public services						
Instruction						
Capital and operating support for facilities						
Programs for public attendance						
Professional service programs for the general public	$ 25,000	29.0%				
Other	12,200	14.2				
Other forms of employment--not for general public						
Manpower development	24,000	27.8		$ 79,396	15.7%	
Professional services	25,000	29.0		427,845	84.3	
Other						
Total employment	$ 86,200		$ 17,240	$ 507,241		$126,810

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Categories of general strengthening						
Research, programs, and information dissemination						
Curriculum, faculty development, and testing						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Other	$ 702,170	17.1%		$ 2,202,576	33.2%	
Student and student services and financial aid						
Student financial aid	2,409,737	58.3		2,787,403	42.1	
Other	264,854	6.4		544,459	8.2	
Management and leadership						
Management	150,000	3.6		60,264	.9	
Leadership						
Other	114,461	2.8		14,427	.2	
Other	470,613	11.4		1,016,427	15.3	
General support of representative or service associations						
Other forms of general strengthening						
Foreign campuses and other foreign higher education activities						
Other	25,000	.6				
Total general strengthening	$4,136,835		$196,992	$ 6,625,556		$276,064

Table B–12. THE JOHN A. DANA FOUNDATION: Allocation of grants to higher education, 1970 and 1974

Categories of grants	*Amount 1970*	*Percentage 1970*	*Amount 1974*	*Percentage 1974*
Sustenance	$ 525,000	32.3%	$1,250,000	76.9%
Development	850,000	52.3	25,000	1.5
Employment	0	0	350,000	21.5
General strengthening	250,000	15.4	0	0
Total, all grants	$1,625,000		$1,625,000	

Table B-13. THE JOHN A. DANA FOUNDATION: Allocation of grants to higher education among grant categories, 1970 and 1974

Categories of sustenance	1970			1974		
	Amount	*Percentage*	*Average grant size*	*Amount*	*Percentage*	*Average grant size*
Endowment—unrestricted, matching, or broadly restricted						
Current operating—unrestricted or broadly restricted						
Current operating—completely unrestricted						
Current operating—academic						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Libraries						
Other						
Current operating—nonacademic						
Physical plant and equipment: replacement or renovation						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Libraries						
Other				$ 500,000	40.0%	

(continued)

Table B-13 *(continued)*

Categories of sustenance *(continued)*	1970 Amount	1970 Percentage	1970 Average grant size	1974 Amount	1974 Percentage	1974 Average grant size
Student services						
Student aid—unrestricted	$ 275,000	52.4%		500,000	40.0%	
Other student services, operating						
Faculty support, operating						
Faculty endowment	250,000	47.6		250,000	20.0	
Faculty support—operating						
Other forms of sustenance						
Total sustenance	$ 525,000		$ 47,727	$ 1,250,000		$125,000
Categories of development						
Curriculum and faculty development and evaluation						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Other						
Physical plant and equipment: new or new purposes						
Arts and humanities						
Social sciences						
Life and physical sciences						

Professions					
Libraries	$ 600,000	70.6%			
Other	250,000	29.4	$ 25,000	100.0%	
Student services—new					
Financial aid					
Recruiting					
Counseling					
Other					
Management and comprehensive self-study					
Other forms of development					
Total development	$ 850,000		$425,000	$ 25,000	$ 25,000
Categories of employment					
Research programs and facilities and dissemination of results					
Applied public problem areas					
Health and medicine					
Population					
Energy					
Urban problems					
Natural environment and pollution					
International relations, peace, and other foreign problems					
Crime/justice					
Agriculture and food production					
Other domestic, social, or economic problems					

(continued)

Table B-13 *(continued)*

Categories of employment (continued)	*1970*			*1974*		
	Amount	*Percentage*	*Average grant size*	*Amount*	*Percentage*	*Average grant size*
Specific problems of population subgroups						
Ethnic or racial minorities						
Women						
Youth						
Aging						
Other						
Basic research or other nonapplied problem areas not included above						
Arts and humanities						
Social sciences						
Life and physical sciences						
Professions						
Other						
Other research unclassifiable above						
Public services						
Instruction						
Capital and operating support for facilities						
Programs for public attendance						
Professional service programs for the general public				$ 200,000	57.1%	
Other						

Other forms of employment—not for general public					
Manpower development			150,000	42.9	
Professional services					
Other					
Total employment	$ 0		$ 350,000		$175,000
Categories of general strengthening					
Research, programs, and information dissemination					
Curriculum, faculty development, and testing					
Arts and humanities					
Social sciences					
Life and physical sciences					
Professions					
Other	$ 250,000	100.0%			
Student and student services and financial aid					
Student financial aid					
Other					
Management and leadership					
Management					
Leadership					
Other					
Other					
General support of representative or service associations					

(continued)

Table B-13 *(continued)*

Categories of general strengthening *(continued)*	1970			1974		
	Amount	*Percentage*	*Average grant size*	*Amount*	*Percentage*	*Average grant size*
Other forms of general strengthening						
Foreign campuses and other foreign higher education activities						
Other						
Total general strengthening	$ 250,000		$250,000	$ 0		

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